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## LATIN AMERICA REPORT

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## FIDEL CASTRO REVEALS ROLE IN 9 APRIL 1948 COLOMBIAN UPRISING

Bogota EL SIGLO in Spanish 11 Apr 82 pp 6-7

["Excerpts" of undated interview with Cuban President Fidel Castro, by journalist and writer Arturo Alape, broadcast over Colombian Cadena Caracol Radio on 9 April 1982]

[Text] Arturo Alape: How did the notion of the Latin American Students Congress, and the relations between the FEU [Federation of University Students] and the Peronists, originate; and why did that relationship occur? What were the goals of the student congress and, Commander, why did you travel as a delegate to the congress?

Castro: I want to begin by telling you that 33 years have elapsed since those events. I believe that I remember everything quite well, but nevertheless the effect of time must be taken into consideration. These events occurred in 1948.

It was a period of student agitation in Panama, and a period of agitation in Venezuela as well, because the overthrow of the tyranny had occurred and Romulo Gallegos had just been elected president.

At that time, there were already serious contradictions between Peron and the United States. Hence, we were in this movement which was confined to the following points: democracy in Santo Domingo, the struggle against Trujillo; the independence of Puerto Rico; the restoration of the Panama Canal; and the disappearance of the colonies which still remained in Latin America. These were the four essential points. This prompted us to make certain contacts that we might call tactical with the Peronists, who were also concerned with their struggle against the United States and with their struggle over some of these issues; because they were also claiming the Malvinas Islands, which were a British colony. At that time, the Peronists were engaged in activity, sending delegations to various countries, meeting with students and distributing their material. So, there was a tactical agreement between the Peronists and us, and therefore we had a certain amount of tactical rapprochement with them. In opposition to the meeting of the OAS in 1948, a meeting promoted by the United States to consolidate its system of domination here in Latin America, I conceived the notion of our holding, simultaneously with the OAS meeting, a meeting of Latin American students backing these anti-imperialist principles and defending the principles that I have already mentioned, the struggle against the tyrannies in Latin America, not only that in Santo Domingo, and the other points comprising the overall struggle for democracy in Latin America.



I conceived the notion of making the students meeting simultaneous with that of the OAS, and in the same location, Bogota. The idea for organizing the congress was mine. I began making contacts with the Panamanian students who at the time had a very active role in the struggle for the return of the Canal, and also with the Venezuelans. I was familiar with the status of the various countries. So I planned the trip in this way: first, to visit Venezuela, where a revolution had just taken place and there was a very revolutionary spirit among the students; then to visit Panama; and later to visit Colombia. I intended to propose the idea to these universities, and ask them for their cooperation. The Argentines, in turn, also pledged to mobilize the students.

Arturo Alape: But did a Peronist delegation arrive in Cuba at that time?

Castro: We had contacted the Peronist youth delegation in Cuba at the time. They arranged with us that we would work on certain areas and we on certain other ones, so that the leftist force of Latin America would organize this congress of Latin American students.

I left, booking passage for Venezuela; the airlines at that time were a milk train. I recall the first thing that happened to me was that the plane took off and landed in Santo Domingo, no less. I took the rash step of getting off the airplane, and even had the feeling that some individuals had recognized me, because I began conversing at the Santo Domingo airport. Fortunately, it was for a short while; then I boarded the plane again, and nothing happened.

Arturo Alape: At the Central University in Caracas?

Castro: Yes, I met with the students at the university. There was a Democratic Action majority then, so they were from Democratic Action. It was our intention to talk with the students, ask their support in organizing the congress, invite them to participate in the congress and explain all the ideas to them. And this was successful; the Venezuelan students were in agreement, and decided to send a delegation to the congress. On that occasion, Romulo Gallegos had already been elected president. We requested an interview to explain our ideas to him. We went to La Guaira, where Romulo Gallegos was located, and so we made this contact, also to request backing for the congress. Later, we flew to Panama, with the support of the revolutionary Venezuelan students who comprised virtually the entire university. In Panama, we met with the student leaders. One of the many shootings at the Canal had just occurred, and there was a Panamanian student who had been wounded, and was disabled. He was like a symbol to all the students. I made contacts and visited them. The Panamanian students were very much aroused and strongly approved of the idea of the congress. They backed it and decided to send a delegation to Bogota.

Now we had two major countries. From Panama we flew to Bogota. Of course, our funds were very meager; we had only enough to stay at the hotel, and we did not even know what we were going to do later. We stayed at a small hotel, with two or three floors, which was quite cozy.

At the time, the living was very inexpensive if you brought dollars into the country (we had a few), because the exchange was very favorable and the hotel room and meals were very cheap. As soon as we checked into the hotel, we immediately contacted the university students. There was a liberal majority, as in Venezuela.

where there was a vast democratic majority that had just made the revolution, and in Panama, where the vast majority of students were united in the struggle for the Canal. In Colombia, the vast majority of students were leftist and liberal and, at the same time, Gaitan had great prestige and influence in the universities.

Arturo Alape: In all the research on the events of 9 April, mention is made of this having been a communist plot. There is even a document which was published in Colombia, by Blas Roca, a Cuban Communist leader, giving instructions to the Colombian Communists. Every time there are publications regarding that date, each year, documents appear claiming that you were a tool of international communism. Were you a communist at that time?

Castro: At that time I had already come in contact with Marxist literature, and I had already studied economics. I felt attracted to the fundamental ideas of Marxism and I was acquiring a socialist consciousness throughout my university course, as I came in contact with Marxist literature. But at that time there were only a few communist students at the University of Havana, and I had friendly relations with them. However, I was not a member of the Communist Youth, nor a militant in the Communist Party. My activities had absolutely no connection with the Communist Party at that time. We might say that I had an anti-imperialist consciousness at that time. The first contacts with Marxist literature caused me to feel inclined toward Marxist ideas; but I had no affiliation, no link with the Communist Party, no association with the Communist Youth, except for friendly relations with various very hard-working, very stoic, young Communists, with whom I sympathized and whom I admired. But neither the Communist Party of Cuba nor the Communist Youth had any thing whatever to do with the organization of this congress in Bogota. It may actually be claimed that, at that time, I was acquiring a consciousness, I had initiatives, I was active and I struggled; but let's say that I was an independent struggling person at that time.

Arturo Alape: On what day did you arrive in Bogota?

Castro: What was the day of the events?

Arturo Alape: 9 April.

Castro: I believe that I must have arrived about 5 or 6 days earlier. Perhaps, yes, there is a passport of mine around here. I would have to search papers and files in order to be able to give the exact date. But it was about 5 or 6 days before, 7 days at the most; my impression is that I arrived in Bogota between 5 and 7 days before 9 April.

Arturo Alape: What were your first contacts?

Castro: What we always did was to approach the university students. In this way, we obtained information to the effect that the left and the Liberal Party were in the majority at the universities. We immediately sought out the university leaders, met with them and proposed to them the idea of the congress; and they were in full agreement.

I shall not tell you all the details about where I had breakfast that day, because of course I cannot remember all that in the city of Bogota. But I can tell you how

Bogota impressed me. I was greatly attracted; it was the first time in my life that I was in Colombia, and my first time in Bogota. The city was typified by something which was not familiar to us: the streets were divided into streets and highways. The first thing that one had to understand was that the highways went in one direction and the streets in another. My attention was also particularly drawn to that Seventh Highway which was near the hotel, and by the large number of people on the street all day long. I could not understand, either then or now, why there was a crowd of people on the street wearing their overcoats. Perhaps during that season it was colder than it is now. The city had not grown so much; it was not a modern city, but a rather old city. There were many coffee-shops throughout. It seems to have been a custom, a tradition, in Colombia to go to the coffee-shops to drink coffee, everyone wearing his overcoat. To us, the strangest thing was always seeing a large crowd of people on the street. I imagine that there must have been very extensive unemployment.

With Gaitan

But we were concerned about our congress; the only thing that interested us, concurrently with the OAS meeting, was the meeting of students with those proposed goals. Our contacts, the first meetings and the organization of the congress took place quickly. The congress was supposed to conclude with a ceremony in a stadium where large-scale events were held, a stadium or a square. The students immediately told us about Gaitan. At that time, Gaitan was the most prestigious political figure, with the most popular support. He was unquestionably regarded as the man who would gain victory in the next Colombian elections. The Liberal students put us in contact with Gaitan. We did not make any contact with the Colombian Communist Party, although there were Liberals and Communists among the people with whom we met at the university, and the Liberals and leftist forces participated in the organization of the congress, a notion which greatly pleased those who received it enthusiastically.

Arturo Alape: According to the information, that was on 7 April.

Castro: It must have been 7 April, and I shall tell you why. We went to explain to Gaitan all of our ideas, and to ask for his support. Gaitan was enthusiastic about the idea of the congress, and offered us his support. He talked with us, there was a discussion and he agreed with the notion of closing the congress with mass ceremony in the square. He promised us that he would close the congress in the square. Of course, we were very pleased and highly optimistic about the congress. He invited us at 1400 or 1425 hours to his office, which I think was located on Seventh Highway; one climbed a wooden staircase and arrived at his office. We met with him on the afternoon of 9 April. On that occasion, he gave us various materials, explained the situation in Colombia to us and, to be sure, gave us a pamphlet containing his speech on the prayer for peace, which was a splendid piece of oratory. He gave us pamphlets on various political issues relating to Colombia, and gave us the prayer for peace. There was great agitation in Colombia at the time, because 20 or 30 murders were being committed every day. There appeared on the newspapers' ticker tape every day the news that 30 peasants had been murdered in a certain place, and 25 had been murdered in another one.



They explained Gaitan's entire role to us, his struggle to find a solution for this state of violence, the silent demonstration that he had organized with hundreds of thousands of people, which had been an impressive demonstration; describing how, on that very occasion, on that silent march in which scores or hundreds of thousands of people had marched in complete silence, he had, at the end, delivered the prayer for peace.

Also at that time, there was a very famous trial, that of Lieutenant Cortes. I believe that an incident had occurred between a soldier and a journalist. The trial was ending at the time, and the students had told us about Gaitan, his political image, his political thinking and also his status as a remarkable, exceptional lawyer. They even invited us, and we attended, I believe it was the final session of the hearing at which Gaitan was making the defense for Lieutenant Cortes. The entire trial was carried on the radio at the time, and virtually everywhere in the country people were listening to Gaitan's defense over the radio. At that time, this trial had certainly become a major political issue.

Arturo Alape: There was a committee of the military which had obtained money for Gaitan's defense. What impression did you have of Gaitan at the meeting that you held on the conference, and later, when you observed him as a lawyer?

Castro: I actually had a very good impression of Gaitan. I had it, first, because of the completely majority views that were included and because of the admiration of the students who had met with us. I had it from my conversation with him, a highly intelligent, dark-complexioned, Indian type. I had it from his speeches, especially the prayer for peace, which was really the speech of a skilled orator, with a wonderful command of the language, and eloquent as well. I had it because he was identified with the most progressive position in the country, opposed to the Conservative government. I had it also as a lawyer, because of how brilliant he was; that is, brilliant as a politician, brilliant as a speaker and brilliant as a lawyer. All those things made a very great impression on me and, at the same time, we were greatly pleased by his support, the interest that he took in our ideas on the congress of students and the ease, willingness and magnanimity with which he backed us. He promised to help us, and to conclude the meeting with a large mass ceremony; which proved that he was unquestionably in agreement with the views which we had been upholding, and opposed to that entire comedy that was being organized with the OAS meeting.

All those factors prompted us to have great sympathy for him. We could clearly see that the vast majority of the people supported him.

#### They Took Us to Gloomy Offices

The incident which occurred during the time that we were in Bogota, the meetings with the students, the steps to organize the congress and the meeting with Gaitan took place as follows:

A festive event was taking place at a theater there. I cannot remember the name, a very classic and attractive theater; and I think that the festive event was associated with the conference. After all, I was young then, and somewhat immature. We had printed some notices, I don't know whether any of those notices are still around here, they may possibly be around here somewhere; some notices

in which we had stated all the slogans for the congress. There was the struggle for democracy in Santo Domingo, the struggle for independence in Puerto Rico, the Panama Canal, the disappearance of the Latin American colonies and the struggle for democracy. We had ordered some pamphlets printed, so as to create a little advertising for our meeting. We took them to the theater, at a festive event. Perhaps we were, technically, committing an offense, I don't know, but we did not do so with any intention of breaking the laws, by any means, but rather to create advertising for our congress. We were later arrested. It seems that we had been there for only a short time when the secret police learned that there were students organizing a congress. They learned something about our activities, as well as our distribution of pamphlets in the theater; something which seemed to us to be the most natural thing in the world, which we were accustomed to doing in Cuba. And, as a result of this, the police arrived, I don't recall exactly where and how they arrested me, but I think that we were at the hotel.

Arturo Alape: But wasn't it at the theater?

Castro: I am not sure that it was in the theater that they arrested us; I think that it was at the hotel.

Arturo Alape: The report states that they arrested you at the theater, and that they later took you to immigration.

Castro: No, no; they reached us, arrested us and took us to some gloomy offices located there, on a back street, a place with dark corridors. They took us there with the pamphlets. But I think that they arrested us at the hotel. I cannot say exactly now whether we left and they arrested us; I think that our arrest took place later at the hotel. But perhaps the records can state it more truthfully and more accurately; but I seem to recall that they rang, and took us in custody. I know that they took us along back streets to some squalid buildings located there.

Arturo Alape: And whom did they arrest?

Castro: Me and the other Cuban who was traveling with me; there were two of us. They took us to those buildings and halls, and they seated us there. They questioned us. To tell the truth, perhaps because of the idealism of a person in that ardor of youth, we explained to the authorities there who we were, what we were doing, the matter of the congress, what our goals were at that congress, the matter of Puerto Rico and the Panama Canal, what was in the pamphlet and the ideas with which we were organizing the congress. To tell the truth, we apparently were somewhat eloquent in the conversation with the detective authorities there. The fact is that I even received the impression that some of those individuals liked what we had been proposing there. We had been persuasive with them. Perhaps they realized that we were not dangerous individuals by any means, and that we were not meddling in the country's internal affairs. Perhaps because they liked some of the things that we were proposing, I don't know the reasons, but the fact is that, after that interrogation, they booked us and all that, and then released us. We may have been running a greater risk than we imagined, but at the time we were not aware of it. After the questioning and all that we simply went to the hotel again, and continued our activities very peacefully.

Arturo Alape: But were they following you?

Castro: It is most likely that they were following us, but in any event we were not doing anything wrong. The only thing that we were doing was organizing a students congress, and we were in contact with one of the country's leading political figures. At best, they underestimated those activities.

Actually, from an objective standpoint, apart from the ideological issue, and apart from the goals that we were pursuing, we did not constitute any type of threat whatsoever to the Colombian state or to the Colombian Government. What we were doing had nothing to do with the Colombian state; it was a Latin American idea that we were upholding. We did not meddle in any way whatsoever in the internal affairs of Colombia. That is the reality, unless the fact that we met with students and that we met with Gaitan is considered an aggravating factor, and if we exclude the fact that we had distributed some pamphlets, which is not considered a criminal activity in any part of the world, except under a repressive government. We had, even quite candidly and without any provocative intention, distributed our notices in the theater. That is the most that could have been regarded as an offense, but not an offense against the Colombian state; rather, it was against the United States, in two words, our activity was against the United States.

Arturo Alape: Did you make a manifesto at one of those meetings, or was it the same one that you issued at the theater?

Castro: I cannot give the details now, but I believe that we made this manifesto which we sent to the theater. It is possible that we had planned to issue some more documents, but they were all related to these issues, which had nothing to do with Colombia's internal policy. I cannot tell you what we did on 8 April, but we were engaged in organizing the congress.

Arturo Alape: On 11 April the Colombian Government mentioned your stay in Bogota, after the report from the police who were following you; stating that you were located near the site where Gaitan succumbed at 1300 hours. The government's charge of your link with the uprising of 9 April is based on this claim.

Castro: We had an appointment with Gaitan, for 1400 or 1425 hours. We had arranged the meeting to continue discussing the congress, and to make definite plans for the ceremony that was to be held at the end of it, in which he was going to participate.

Arturo Alape: Is the item on Gaitan's agenda?

Castro: To be sure, that is very interesting; as you can imagine, I am not familiar with that material. On that day, we had lunch at the hotel, and we were passing the time before arriving on time for the meeting with Gaitan. We were at the hotel. It seems to me that the hotel was not where you showed it to us on the map. because we left the hotel, went down two or three blocks, arrived at Seventh Highway and then took a left to reach Gaitan's location, or to go to the square where the OAS conference was being held.



We were passing the time at the hotel, and it must have been 1325 or 1330 hours when we left the hotel, expecting to arrive at the time when we had to meet Gaitan. At that time, when we had already gone out on the street, people began to appear running in various directions; people running like mad, in one direction or another. That is why I can assure you that no one organized the incident of 9 April. I want to state this view to you because I saw it almost from the first moment. I can assure you that the incident of 9 April was a complete, spontaneous explosion. Perhaps those who organized the assassination did so to eliminate a political adversary; perhaps they could imagine the explosion, and perhaps they could not even imagine it. But the fact is that, after the incident of Gaitan's assassination there occurred a fabulous explosion in a completely spontaneous manner. No one can claim to have organized the incident of 9 April, because what the incident of 9 April lacked was precisely organization. That is the key; it was completely lacking in organization.

They Killed Gaitan! They Killed Gaitan! They Killed Gaitan!

It must have been 1325, 1330 or 1320 hours when we left the hotel to go closer to that location, taking a walk until the time arrived, which I think was 1400 hours. We left on foot and were nearing Gaitan's office, when we saw people beginning to appear running, as if in desperation, in all directions; one here, another there, another in a different direction, shouting: "They killed Gaitan, they killed Gaitan!"

There were members of the common people spreading the news: "They killed Gaitan!" They were running along one street and another, but they were people who were aroused and angry over a dramatic, tragic situation, stating what had happened. The news began to spread like wildfire; so much so that we had walked about two more blocks and we reached a small park, and then the people began to assume violent attitudes.

We were near Gaitan's office, and continued walking along Seventh Highway, and people had already entered some offices. I remember that upon reaching a small park I saw a man trying to break a typewriter, and I said to him: "Boy, give it to me"; I helped him, took it and threw it away.

We continued walking and, on Seventh Highway, violent demonstrations were in evidence. We headed in the direction of the park where parliament was located and the conference was in session. We went along Seventh Highway and I saw people breaking showcases and things. That began to worry me, because at that time I had very clearcut, very definite ideas about what a revolution is, what things should occur in a revolution and what things should not. I began to see demonstrations of anarchy.

A very great state of exasperation was evident among the masses. On that street, which was always filled with people, the people were engaged in breaking showcases. I was concerned, I began to worry about the situation, because I observed the anarchical situation that was occurring. I began thinking about what the leaders of the Liberal Party were doing, and I wondered whether no one had organized this.

I continued walking along Seventh Highway, it must have been between 1330 and 1345 hours; and we reached the corner of the square where parliament is located. There was someone there talking on a balcony. There were a few people gathered there, but in particular many people scattered in all directions, with a spirit of anger and violence, but spontaneous, completely spontaneous. In parliament there were several dozen people shouting furiously and angrily; and they began breaking the lamps in the park, throwing stones at them, so that one had to be careful, because you could be hit with a rock as well as with the glass. I proceeded ahead and when I had nearly reached the middle of the park, near the gates of parliament, there was a cordon of police who had just been spruced up and were very well dressed and very well organized in their lineup. That dozen, or hundreds of people who had been breaking light bulbs and things there, were just nearing that gate. They seemed to be demoralized, the police cordon dissolved and, like an avalanche, all those people entered the palace. I was in the middle of the park, with rocks flying in all directions. They entered the parliament, which had three or four floors. We did not enter, but remained in the middle of the park watching that outburst, because it was an outburst of people. They went up and, from the upper level, began throwing chairs, desks, everything. One could not stay there, because it was a flood coming from above. I tell you, there was a man trying to deliver a speech on a balcony on a corner near the park, but no one paid any attention to him; it was a spectacle.

We decided to go and contact the other two Cubans who were not at the hotel. There was one, Enrique Ovaras, and the other, a comrade our ours in the revolution, Comrade Alfredo Guevara, who was staying at a guest house. We went to make contact with them, and to find out what they thought about the situation, and so as to explain to them what was happening. We reached the guest house, and were talking, and just then a great procession of people appeared, a river of people coming along the streets which more or less parallel Seventh Highway. Some were carrying weapons, some had rifles, others had clubs and crowbars; everyone, because whoever had a club, a crowbar or anything was carrying it.

When I saw that crowd, I didn't know where they were going. They claimed to be heading for a police station. Then I went and joined the crowd; I was about in the first row of that crowd, and I went to the police station. I realized that there was a revolution under way, and decided to join as another person. And, of course, I had no doubt that the people were oppressed, that the people who were revolting were in the right, that Gaitan's death was a great crime; and I took sides. Up until that time I had not done anything; until I saw the crowd passing by, after I had visited the two Cubans, when I saw a great crowd coming, I joined it. It might be claimed that this was the time when I joined the crowd which was revolting. We reached the police station; the police were there protecting themselves above, behind barriers, with their rifles aimed. No one knew what would happen. The crowd reached the entrance, and the police allowed them to enter.

I Was Not Dressed for War

Arturo Alape: That was the No 3 station.

Castro: It was a station located not far from parliament.

I saw that the crowd was heading for the station, and I was among the first. I don't know why, they were aiming their rifles but they did not shoot. We turned the corner and the entrance was about 30 meters away. The crowd entered like a cyclone from all directions, gathering weapons and things. There were policemen who had joined in all this, policemen in uniform. That station had a yard in the middle, but there were about two floors. I don't know whether there were any weapons, they grabbed the few that were available. Some policemen kept their weapons and joined. I entered the weapon room, but I did not see any rifles. There were some shotguns with teargas, with large bullets of about a quarter and a half. The only thing that I could grab was a shotgun with teargas. I began filling my cartridge belt with those bullets, putting on 20 or 30 bullets.

I said, "I don't have a rifle, but at least I have something to fire," a large shotgun with a big barrel. And I said, "But for all this I am wearing a suit, and these shoes; I am not dressed for war." I found a cap without a visor, bang, I put on the cap without a visor. But with all this I wore my shoes, and I was not very satisfied with my shotgun. I went out to the yard, filled with people, people searching everything. One has to imagine the scene, everyone going up and down stairs, entering here, there and everywhere, a mixture of civilians and police.

I climbed a staircase to the second floor, where the police officers' room was located. I was looking for clothes there, and also trying to find out whether there were more weapons. I put on some boots, but they were of no use to me. I remember that amid that dreadful chaos, an officer arrived and said, "No, not my boots, no." The boots were of no use to me and I told him: "Yes, sir, keep your boots." I went down to the yard to become involved in something, and I saw a police officer organizing a squad. I went, I had no ambitions to be a chief nor to lead anything; I went as a raw recruit. I arrived with my teargas shotgun and my bullets, and I got in line. The officer had a rifle, and when he saw me loaded with those bullets and with the shotgun, he said: "But how, what are you doing with that?" I told him: "It is the only thing that I could find." And I put on the shotgun. The man did not seem to be quite decided on what he was doing, despite the fact that he was organizing a squad. I asked him and he gave me his rifle with about 12 or 14 bullets. Of course, when he gave me the rifle a throng of people tried to grab the rifle, and I had to fight hard in order to keep the rifle. I was left with the rifle and about 14 bullets, which is what the officer had. From that time onward, I was armed with a rifle, but there was no organization there, but only people leaving; at the time they said "leave" in the same way as they had entered. A crowd was leaving without knowing where they were going. Voices were heard saying that it was to the palace, or I don't know where. I left the station and joined that crowd, without any direction. I observed great disorder and lack of discipline; there was no organization. We proceeded about three blocks, when I saw four or five soldiers imposing order. At this point, since there were many in uniform joining the crowd, I imagined that those four or five soldiers had joined the crowd, and so I came and started helping the soldiers impose order. I later learned that they were not rebel soldiers, but rather soldiers from the Presidential Guard who were there with their rifles, but not with a hostile attitude; rather, overwhelmed by that ocean of people and trying to bring order. Religious were shooting from San Bartolome School. I didn't know who was shooting, I cannot say. I was incredulous, standing there on the corner. The soldiers had apparently attempted to make a diversion; I really



didn't know whether they didn't want them to head for the palace, or whether it was the fact that the shooting had begun at San Bartolome School, where they were diverting the crowd; because everywhere that I saw the possibility of someone trying to organize, I attempted to help organize.

#### We Had Two Rifles With 14 Bullets

Amid that shooting, I took up a position on a corner. I met some students from the university; we had two rifles with 14 bullets. A car carrying students passed by; I saw some whom I knew, who were on our side.

A car carrying students went by with loudspeakers, carrying several corpses on top; they were agitating. It was not an organized agitation, but one of those things that occur spontaneously. I think that we must have been two or three blocks from Seventh Highway. Then news arrived that the students had taken over the radio and were being attacked.

Arturo Alape: The National Radio Broadcasting Company.

Castro: And that they were being attacked. Our situation was difficult, because there were about 10 or 12 unarmed, and only one or two who had arms. We decided to go and help the students who were at the National Radio Broadcasting Company. The crowd had continued in one direction, when we heard the car announcing that they were attacking the National Radio Broadcasting Company. To tell the truth, we did not know exactly where it was located. We took Seventh Highway and headed northward; it might be said that we headed for the hermitage of Montserrat. On Seventh Highway there was virtually a throng attacking everything; they were attacking the buildings and the business establishments, and they were already starting to loot those establishments as well. We went along that street. There were people who had been drinking, who came with a bottle of medium colored rum that you Colombians have, and approached saying: "Drink, damn it!" And they would come with their bottle and give it to you.

There was a confused situation; no one knew what was going on. Many police had revolted. At that time the position of the Colombian Army was not known. Gaitan had sympathy among the military, that could not be questioned, but the confusion was very great. Many police had revolted, the Army was neutral, and it was even claimed that some units had joined. We continued advancing along Seventh Highway, I don't know how many blocks we covered, seven, eight, ten or twelve; I would have to go there and cover it all again in order to find out. At that time there were many places burning.

Then we arrived at a place that I later realized was the Ministry of War. We arrived, I remember that it was toward the north; it was a place where there was a park to the right and another one to the left.

We saw a battalion of soldiers coming in front of us, toward the south, with their German helmets, which were the kind that they wore at the time, I don't know what they wear now, and their rifles. An entire battalion came marching with some tanks, and kept advancing. But at this point we did not know on which side the Army was. When we saw the battalion approaching us, while we were in the middle of the street between the two parks, we took the precaution of going

about 20 meters away, and took shelter behind some benches, waiting to find out whether those troops were friends or enemies. I repeat, there were with me about 12 students, and we had two rifles. But the battalion paid no attention to us then, and continued along the street in martial formation. I think that there were tanks behind the battalion, soldiers in front and three tanks moving behind.

We crossed Seventh Highway again, and were in front of the Ministry of War; I didn't know that it was the Ministry of War, it was separated from the park by the street.

We crossed the street and I still didn't know on which side that battalion was, whether with the people or against the people, whether in revolt or in favor of the government, although there really was no government at that time. I crossed the street and we headed for the other small park in front of what was then the location of the Ministry of Defense, which had a small building, with one or two floors at most. There was a door and some bars, and a few military. Then I, who also had a revolutionary fever and was trying to have the largest number of people join the revolutionary movement, climbed upon a bench opposite the Ministry of War and delivered a speech to the military who were there in front of the ministry, urging them to join the revolution. Everyone listened, no one did anything, and there I was with my rifle making my speech on a bench.

I concluded my speech and went on, because the students were heading in that direction.

At the end of the park there was a bus waiting; I noticed that this bus was enroute there, the students had it. So after I gave my speech we ran to catch it. The one who was with me remained behind, and I did not see him later.

I know how many blocks we traveled in the bus, eight or ten. Added to all this, I also lost my wallet that I was carrying, containing a few pesos, since we did not have anything. Someone took my wallet, with the little that I had; they took it from me. We headed for the Radio Broadcasting Company, and got off at a corner; it was an avenue, a street like a promenade, which led to the Radio Broadcasting Company. Actually, we got off on the street. We had only one rifle, mine, to give backing to the students who were in the Radio Broadcasting Company. When we reached the avenue, a strange shooting began. When we reached there, they began to fire at us, I don't know with how many rifles. We managed to take shelter behind some tanks and things that were there; and, miraculously, they did not kill us all. We managed to reach the corner again, and followed the group of a man with a rifle and 10 or 12 unarmed persons. Then we decided, at that time, that we could not do anything to liberate the National Radio Broadcasting Company, and we decided to go to the university. It was in the opposite direction of that leading to the hermitage. We could not do anything to liberate the radio, and we decided to go to the university, because insofar as I knew, what was at the Radio Broadcasting Company was a company of soliders. It was impossible to do anything, and hence we went to the university to find out if there was anything there; to find out whether there was an organization there, and whether the students had set up a command post, or had established any organization.

When we reached the university, there was really nothing organized.

#### That Was Suicide...

Reports were coming and going about events and incidents; there were many people, everyone unarmed. Not far from the university there was a police station; so we decided to go and seize the police station in order to obtain arms, with my rifle and a crowd of unarmed people. It was assumed that I was the one who would have to seize the station, because I was the only one who had a rifle. With a crowd of students we set out to seize the police station; that really was suicide. One had already been seized, and we intended to seize the second one in order to arm all those people. We had such good luck that, when we arrived at the station it had already been seized, there had been a revolt; in other words, when I arrived there, I introduced myself to the chief of the station, who admitted to being the chief of the rebel police.

I introduced myself to him, and immediately told him that I was a student and a Cuban, that we were holding a congress; I explained everything to him in a few words and the man converted me into his assistant. Apparently, when I told him that I was a Cuban, that I was involved in a congress, that I was on the side of the people, and so forth, he replied "stay with me" and I stayed with him. He was a rather tall man, not too tall but tall; I couldn't describe him well. He had the rank of commander, or colonel, I don't remember which.

Then I decided to go to the office of the Liberal Party. What I am telling you is accurate, exact, about the incredible things that happened on that day. I boarded the jeep with the chief of the rebel police, and went to the headquarters of the Liberal Party. I call it the lesser evil because what concerned me was the lack of organization, the chaos, and not seeing any element of leadership or organization anywhere. So I was happy when I saw the chief of police who had revolted.

I noted that he was in contact with the Liberal Party; I noted that he went there; and I thought that this would start to become organized.

At that time I believed that I was helping to organize the situation which was so chaotic. We traveled a number of blocks which I don't remember. The streets did not belong to anyone.

We accompanied the man to the door. I did not enter, but remained outside. He went in and met with the Liberal leaders who were there. I don't know who those leaders were, but he met with them. He returned to the station again, which is near the university, in his jeep. We had two jeeps. He remained in the rebel station for awhile and again decided to go to the Liberal Party office, because it was beginning to grow dark. We left in two jeeps. He rode in the front one, and I in the rear one. But both on the previous trip and this one, there was a crowd of people, because a throng of unarmed students were still following along with me. They were boarding here and there, and the two jeeps were filled as they moved.

On the second trip that we made to the Liberal Party office, I was stationed forward on the right. This time, everyone who took a car piled in everyone who was there, and things happened quickly.



I was at the Ministry of Defense twice: once in front, delivering a speech, and another time, at the side, when I turned over the jeep to the chief of police. The officer and the men who appeared at the wall did not shoot; they were also apparently confused. While they were hesitating, I went to the Fifth Division of Police.

2909

CSO: 3010/1520

CHILEAN OFFER OF SHIP ACCEPTED BY ARGENTINE GOVERNMENT

PY151849 Santiago Chile Domestic Service in Spanish 1100 GMT 15 May 82

[Text] Argentina has accepted the Chilean offer, made through diplomatic channels, to loan its ship "Piloto Pardo" for transporting wounded persons from the area in conflict in the South Atlantic.

This information was released by Foreign Minister Rene Rojas Galdames who stated that he had received the answer of the Argentine Government through Foreign Minister Nicanor Costa Mendez with whom he held a telephone conversation.

Costa Mendez also informed Foreign Minister Rojas that the use of the ships will not be necessary for the time being since Argentina has the necessary means to transport the wounded.

Minister Rojas stated that, during the telephone talks: I left the offer open and voiced our hopes that such needs would not be necessary.

He also said that Costa Mendez had asked him to convey a special thank you message from President Galtieri to President Augusto Pinochet for such a friendly gesture by the Chilean Government.

The minister pointed out that the Chilean offer has deeply moved the Argentine Government as well as the Argentine people.

He termed his talk with Costa Mendez as having been extraordinarily cordial and dismissed the possibility of any other subjects having been discussed on the occasion.

Rojas Galdames also pointed out that the Chilean offer had been approved by Great Britain and that this approval had been ratified by British Ambassador John Hickman.

CSO: 3010/1571

## BRIEFS

CALDERA TO MEET SEAGA--Venezuelan former President Rafeal Caldera will meet Prime Minister Edward Seaga today to discuss the multinational initiative for the development of the Caribbean Basin before departing for a short rest in the tourist town of Ocho Rios. Caldera arrived at Jamaica yeaterday for a 3-day visit and he claimed to be dissatisfied with the Caribbean Basin plan formulated by U.S. President Ronald Reagan, which delegates the major part of the work of developing the region to private enterprise. Venezuela, Canada, Mexico and Colombia will also take part in the Caribbean initiative. Today Caldera was to participate in a seminar of the OAS on the cultural integration of the Caribbean. Later he will meet Seaga and the Minister of Foreign Affairs Hugh Shearer, for a discussion of various subjects, among them the initiative for the development of the Caribbean Basin. Venezuela's former president will also give a speech at the local office of the Parliamentary Association of the British Commonwealth. After the speech Caldera will visit the tourist town Ocho Rios, where he will remain until tomorrow, when he will return to Venezuela. [Text] [Caracas EL NACIONAL in Spanish 26 Mar 82 p D-13] 9907

ARGENTINE EXILES IN PANAMA--A group of Argentine exiles arrived from Mexico last night. Their destination is Argentina where they will join the struggle for sovereignty over the Malvinas. They are meeting with other Argentine exiles who are living in Panama and who have said that they will also join the movement. [Elvia Alvarado de Amador] [Text] [PA141626 Panama City MATUTINO in Spanish 13 May 82 p 12-B]

CSO: 3010/1578



## SPECIAL REPORT ON NATIONAL DEFENSE INDUSTRY

Bonn TECNOLOGIA MILITAR in Spanish No 1/82 Feb 82 pp 56-78

[Article by Carlos E. Zartmann, Francisco Figueroa de la Vega and Angel Miguel Moyano: "The Defense Industry in Argentina"]

[Text] The following group of brief studies is the first in a series of articles in which the defense industries of the most important Latin American countries will be presented.

In the decades since World War II, a significant development has taken place throughout the world: The emergence of new military powers of varied size and rank and the gradual cessation of the European-United States monopoly in the production and export of weapons.

In developing countries an effort has been made to reduce the technological lead of the industrialized countries, acquiring, sometimes unavoidably, levels of industrial production which in a few years have leaped many decades of development, and some surprising and unexpected results have been obtained. Up to a short time ago, some of these countries were importers of high-technology industrial products but have now gone on to compete in the export market with some sophisticated products which are in no way inferior to their equivalents from the traditional producing countries.

A very important factor in this development has been the national defense industry. Born of the natural desire to take defense entirely into their own hands, reducing as much as possible their dependence on a foreign supplier and his possible political pressure on the sales of arms, the armament plants of many developing nations, have been, and continue to be, the pioneers in many fields of technology. They are the production centers which insure employment for many thousands of people, generate standards of technological level and production quality for all of national industry, give origin to many subsidiary civilian industries, train thousands of high-quality technicians in their schools, subsidiarily produce a large quantity of products of civilian usage which have not yet been taken up by private industry (and which help the foreign balance of payments), and in some cases have managed to exceed the parameters of manufacturing under license and produced weapons systems of their own design of undoubted quality and efficiency.

The defense industry in Argentina is no exception and its recent development is impressive. The influence exercised by the armed forces on Argentine industrial development for many decades, whether as direct producers, purchasers from private industry or as a training school for technicians who are then employed throughout the country, is of great importance. From them has come the drive which has caused a plethora of industries to be born, grow and progress. Without those incentives from the military area, they would have remained static. Concentrating, up until a short time ago, on satisfying its own national requirements, the defense industry in Argentina is hastening to enter fully into the difficult export market with products made under license and some of its own interesting designs, which testify to its vitality and drive.

#### General Directorate for Military Production [Francisco Figueroa de la Vega]

##### Military Production Systems

The Argentina military industry has reached a high degree of development, as can be verified by the war equipment, materiel and elements produced by agencies which are part of the armed forces, and by state and private companies which have kept pace with efficiency and modern technology with military requirements for national defense and security.

One of the greatest responsibilities in this aspect falls upon the General Directorate for Military Production (DGFM), a pioneer institution in Argentine industrial development.

The DGFM was created 9 October 1941 from the Military Plant for Equipment, Military Plant for Communications Material, Military Plant for Aircraft, Military Plant for Steel and the Military Plant for Powder and Explosives. Between 1942 and 1944 the Military Plants for Portable Weapons (two) were incorporated, as were those of Synthetic Toluene, Artillery Ammunition (two), cartridge cases and Electrical Conductors, Pyrotechnical Materials, and Blast Furnaces.

On the bases of them, the DGFM, incorporating new lines of products, machinery and advanced technology, and coupled with the growing skill of its personnel, became an interrelated and harmonious complex, which in Argentina is called "The Military Productive System."

The private industrial sector participates in it by supplying raw materials, materials and spare parts, as well as by providing assemblies, subassemblies and components, the mechanization of parts, and so forth, with their quality meeting the international standards established for these purposes.

This productive system functions with intermediate and terminal plants pursuant to the diagram in Annex 1 and the following detail:

##### Military Plant for Sulfuric Acid (AS)

Produces concentrated sulfuric acid and operates a sludge plant for recovering the residual sulfuric acid from the alkylation plant.

#### The Villa Maria Military Plant for Powders and Explosives (FM "VM")

It produces nitocellulose, nitroglycerine, nitroglycol, hexogene, pentrite, TNT, dinitrotoluene, monobasic and bibasic powders, gelignites, dynamites, propellants, explosives, pulverulents [pulverulentos] and trinitroresorcinal.

With the sulfuric acid, 98-percent nitric and oleum it received from the AS and FM "RT" it prepares the nitrating mixtures for the manufacture of high explosives.

Monobasic powders are for use in infantry and antiaircraft ammunition and as propelling charges for antiaircraft and artillery cannon.

Bibasics are used for propelling cartridges and supplementary loads in 82mm and 120mm mortars, as well as for propelling charges for different cannon.

Trinitrotoluene and hexogene are supplied to the FM "RT" for the manufacture of mortar and artillery shells, and the latter is supplied to the FM "FLB" and FMMP for the production of primers, boosters, detonators, detonating cord and hollow charges.

#### Military Plant for Cartridge Cases and Electrical Conductors "ECA" (FMVCE "ECA")

In its very modern rolling mill, and pursuant to the highest requirements of quality, this plant produces cartridge cases and infantry ammunition bullets for the FM "SF" and FM "FLB," discs to be made into artillery ammunition by the FM "RT", brass strips to be made into detonating caps by the FM "FLB", bars of military brass for artillery fuses for the FM "FLB," and electric and telephone cables for military use.

#### Zapla Blast Furnace Establishment (EAHZ)

The Zapla Blast Furnace Establishment is the only truly complete steel plant in the country because in it a complete industrial process takes place. It begins with the basic fuel used, charcoal from its forestry activities, and the main basic raw material, iron ore extracted from its mining centers (the 9 October Mine and the Puesto Viejo Mine).

The installations are completed with five blast furnaces, the steel plant and the rolling mill, where the various common and special steels which make up its production are obtained.

The special armor steel ingots are then transferred to the SOMISA (Argentine Joint Iron and Steel Association), a private and state capital company, where they are rolled and then delivered to the General San Martin Military Plant.

#### Pirane Forestry Center (CFP)

Produces part of the charcoal used by the EAHZ in its blast furnaces.



#### Military Plant for Pyrotechnical Materials (FMMP)

Using the hexogene and the different powders provided by the "VM" FMPE, it produces the primer explosives used in the ordinary detonator plant as primary charges, and pentrite as a secondary charge. In addition, using pentrite or hexogene and a slow match it makes detonator cords. It also produces hollow charges for shells, propelling cartridges, smoke generating mixtures, signaling elements and explosion simulators.

#### San Francisco Military Plant (FM "SF")

It produces ammunition for light 9mm and 7.62mm weapons from cartridge case and bullet blanks from the FMVCE "ECA", powders from the FMPE "VM" and primers from the FM "FLB".

In addition, it makes parts for cannon for the FM "RT", ventilation and exhaust systems for combat vehicles, components which are of great complexity and advanced technology allowing those vehicles to cross bodies of water up to 4 meters deep.

#### Fray Luis Beltran Military Plant (FM "FLB")

It produces ammunition for light 7.62 mm, 11.25mm and 12.7mm, 32 and 38 long and short caliber weapons, antitank rifle projectiles, 20mm, 30mm and 40mm ammunition, land mines (antipersonnel and antitank), handgrenades, artillery shell cases, fuses, detonating caps and priming tubes from materials from the FMVCE ECA, EAHZ and VMPE VM, and in turn it supplies components to the FM SF and FM RT.

#### Military Plant Rio Tercero

This production complex consists of two areas, one mechanical and the other chemical. Within the mechanical area is the armored division, where from special steels from the EAZH, which are rolled in SOMISA and heat treated in the FM GSM, parts for combat vehicles are built, prominent among which are the turrets and hulls for the TAM [Argentine Medium Tank] and the VCTP [Personnel Transport Combat Vehicle]. There is also the mechanical division, where the various types of cannon between 105 and 155mm are produced, as well as 81 and 120mm mortars, 81mm and 120mm mortar shells, 105mm to 155mm artillery shells, shells for recoilless cannon, and smoke shells made from raw materials or subassemblies from the FMVCE ECA, FMPE VM, EAHZ and FM FLB.

In the chemical area, and within the military production system, are produced nitric acid, sulfuric acid, ammonium nitrate and oleum 20 and 30, which are the raw materials to be used in the processes of the other chemical plants of the DGFM.

#### Military Plant General San Martin (FM GSM)

This plant consists of two production areas: one electrical and one mechanical.

Individual use or vehicle-mounted communications equipment is produced in the electronic area, among them the VHE Phillips 4600, the Single Sideband Thomson PRC 300 and the MEL, all produced under license.

Also produced in this area are sighting devices, goniometers and various optical instruments.

Its mechanical production consists of TAM and VCTP chassis made from the special armor steel provided by the EAHZ and rolled by SOMISA, which is heat treated in the furnaces existing in this Military Plant, cut in its oxygen cutter pantographs and processed in its mechanization centers.

#### Military Plant for Portable Weapons Domingo Matheu (FMAP DM)

It is one of the most modern portable weapon plants in the world. Using steels from the EAHZ it produces the light automatic rifle (FAL), heavy automatic rifle (FAP), 7.62 mm FAL, FM pistol, the 9mm FMK3 machinepistol, the 38.1mm gas pistol, the saber bayonet and spare parts for weapons.

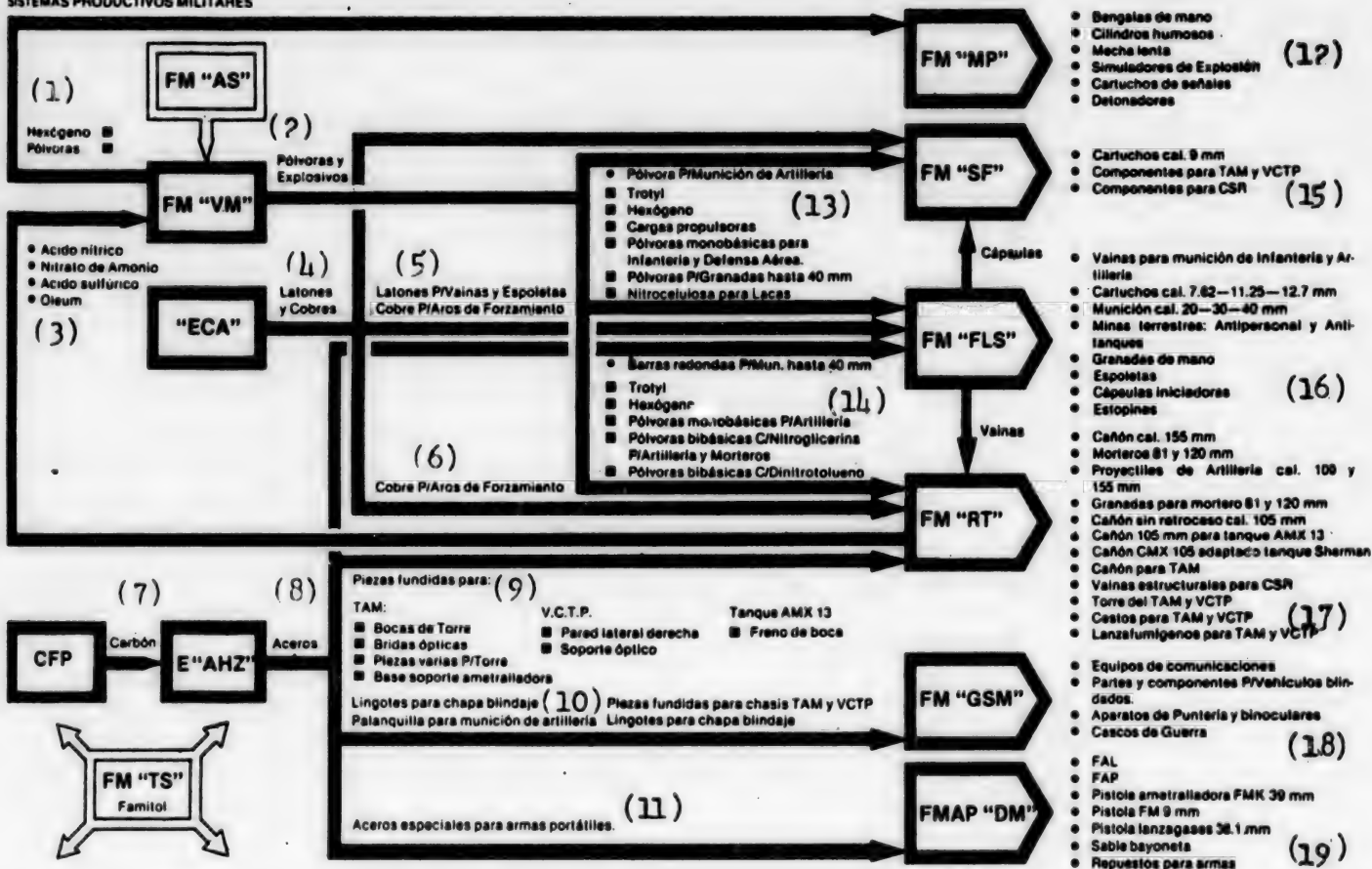
#### Final Considerations

The plants, which are directly under the DGFM, make up a harmoniously integrated production system in which, as has just been described, there are some establishments which produce raw materials and others from which come finished products.

The establishments which make up this system are distributed throughout the length and breadth of the country. Fifteen thousand people work in it and its equipment complies with the most modern requirements of technological advance. In this respect, a dynamic modernization plan for installations is kept current. In addition to responding to strategic reasons, the distribution of the establishments in various parts of the country carries with it the concern for helping zones far from overpopulated centers, the idea being that of creating sources of employment and improving the technical-cultural level of the inhabitants of those zones.

The equipping of the Military Plants is aimed at an effective integration with private industry, seeking to make investments in the most specific and particular capital goods which do not exist in the country.

Production levels of the various establishments respond to self-imposed requirement of obtaining quality products at an international cost in a quantity which is sufficient for fulfilling the requirements of the domestic market (Argentine armed and security forces) and the foreign market, with a growing level of exports.



### Key:

1. Hexogene, powders
2. Powders and explosives
3. Nitric acid, ammonium nitrate, sulfuric acid, oleum
4. Brasses and coppers
5. Brass for casings and fuses, copper for driving bands
6. Copper for driving bands
7. Charcoal
8. Steels
9. Cast parts for the TAM: turret hatches, optical clamps, various turret parts and machinegun mounts; for the VCTP: right side wall, optical clamp; AMX 13 Tank: Muzzle brake.
10. Ingots for armor plate, Cast parts for TAM and VCTP chassis, rammer for artillery shells, ingots for armor plate
11. Special steels for portable weapons
12. Hand-held flares, smoke cylinders, slow fuses, explosion simulators, signal shells, detonators
13. Artillery ammunition powder, trotyl, hexogene, propelling charges, monobasic powders for infantry and antiaircraft defense.
14. Round bars for ammunition up to 40mm, Trotyl, hexogene, artillery monobasic powders, artillery and mortar ammunition bibasic powders with TNT.



15. 9mm cartridges, components for TAM and VCTP, components for CSR
16. Infantry and artillery ammunition casings, 7.62, 11.25 12.7mm cartridges, 20mm, 30mm and 40mm ammunition, antitank and antipersonnel mines, hand grenades, fuses, primer detonators, priming tubes
17. 155mm cannon, 81mm and 120mm mortars, 109mm and 155 mm artillery shells, 81mm and 120mm mortar shells, 105mm recoilless rifles, 105mm cannon for AMX 13 tank, CMX 105 cannon adapted for Sherman tanks, TAM cannon, recoilless rifle structural casings, TAM and VCTP turrets, hulls for TAM and VCTP, smoke generators for TAM and VCTP
18. Communications equipment, parts and components for armored vehicles, aiming devices and binoculars, combat helmets
19. Light automatic rifles, heavy automatic rifles, FMK 39mm machine pistol, FM 9mm pistol, 38.1 gas pistol, saber-bayonets, weapon spare parts.

#### The Argentine Navy (Carlos E. Zartmann)

Viewed from the aspect of foreign trade, the Argentine Republic is an island, since more than 92 percent of its trade is transported by sea. In it are included exports of agricultural and industrial products, which stabilize the balance of payments, and vital imports of raw materials and finished articles which keep the economy of the country going. If its maritime trade were to be interrupted, Argentina could only remain static by a great effort but it could not grow or develop. Therefore, it is not strange that Argentina has always attributed great importance to the development of its navy and that the navy has always believed the defense of vital maritime routes is its most important mission.

To this is now added the requirements posed by the surveillance of the Exclusive Economic Zone off the Argentine coast, which covers nearly a half million square nautical miles and which contains great prospects for the exploitation of hydrocarbons off the coast, recently initiated, as well as important fishing resources which have been little exploited up to now and are much coveted by foreign fishing fleets.

While the mission of the navy of defending maritime traffic routes themselves has not changed during the passage of time, the circumstances under which that mission must be carried out have changed. What had been until World War II a task placed within the context of a local South American conflict, has today become a part of the overall defense of the West against the advance of Marxist imperialism. This has caused the existence of a situation which is beyond the capabilities the Navy has by itself and has led to cooperation with the neighboring navies of the South Atlantic and that of the United States to make up a common defense based on the Inter-American Reciprocal Aid Treaty.

The Argentine Navy is in a period of feverish development, going from being mainly equipped with imported and obsolete equipment to being equipped with new units, in large part built in the country. Three phases may be distinguished in this period of transformation: From 1970 to 1974, two fast "Indomita" type launches, two "Salta" type submarines, two "Hercules" type destroyers and the landing ship "Cabo San Antonio," were ordered. Between 1974 and 1978, three transports of the "Costa Sud" type, the oceanographic ship "Puerto Deseado," and the hydrographic ship "Comodoro Rivadavia" were ordered; three corvettes of the "Drummond" type

were acquired, and construction of four destroyers of the "Almirante Brown" type, six corvettes of the "Espora" type, six "Santa Cruz" type submarines and an Antarctic transport of the "Bahia Paraiso" type was begun.

When this ambitious program is completed around 1986, the Argentine Navy will be completely transformed and it will have jumped no fewer than 4 decades in technological development, placing itself on the level of the most modern in existence in the world. The present tonnage of its ships, nearly 200,000 tons, shall be increased and partially replaced by another 38,000 tons now under construction. The training of personnel for the handling of these new units, the adaptation of shipyards for the maintenance and repair of new units with advanced technology, and the learning of new tactics for the use of previously unknown weapons and systems mean a great challenge to the professional and technical skills of the Navy, which up to now appears to be being met effectively.

If the renovation process continues uninterruptedly, the next few years will undoubtedly see the replacement of the aircraft carrier "25 de Mayo," the landing ship-dock "Candido de Lasala," the six "Neuquen" type submarines and the fleet oil tanker "Punto Medanos," the only old units remaining and which are nearing the limit of their useful lives.

National naval construction has acquired great importance in all this renovation process, participating in the program of all auxiliary ships except the ice-breaker, with one destroyer, six corvettes and four submarines built or under construction in the country. This is a technological advance of great magnitude for the Argentine industry.

The Argentine Navy has its own naval aviation and as the second power in America behind the United States, it has a seaborne attack capability represented by the A-4Q Skyhawks on the aircraft carrier. This attack capability is being increased by the incorporation of 15 Super-Etendard aircraft recently acquired. As for the rest, this seaborne aviation is complemented with antisubmarine aircraft: S-2 Tracker aircraft and S-61 Sea King and Sea Lynx helicopters. Land-based naval aviation has P-2 Neptune patrol aircraft, transports, liaison aircraft, training aircraft and helicopters, as well as its own bases and shops which completely fulfill logistical requirements.

The Argentine Marines consist organizationally of one landing brigade reinforced with artillery, communications and logistic units, making up a homogenous battle unit, well equipped and very well trained in amphibious operations.

The picture of the Argentine Navy is completed with the mention of peaceful activities in the Antarctic, in which three or four ships are now operating with aircraft and helicopters, carrying more than 100 persons including military, technical and scientific personnel, which resupply Antarctic bases, prepare for the wintering of manning personnel, make surveys and collect scientific data during the 4 months of the Antarctic summer.

As an independent body, which is however subordinated to the commander in chief of the navy, the Argentine Naval Prefecture is an institution responsible for port policy and navigation at sea and navigable rivers of the Argentine Republic, as well as for all the functions inherent in the coastguard service. The Naval Prefecture dramatically demonstrates the impact of the creation of the Exclusive Economic Zone and the intensive development of Argentine maritime interests in it. From having only three or four units suitable for maritime patrol with a total tonnage of around 1,000 tons in 1978, in 1980 it had 24 units and 2,900 tons and will soon have five corvettes and 4,500 tons more, all completely new, for patrolling the immense area contained in the 200 miles off the Argentine coast. This expansion also places an enormous demand on this institution in the adaptation for this important change.

In summary, the Argentine Navy is a vigorous, dynamic and renewed institution in constant evolution with a balanced force for all facets of war at sea and it is an important contribution to the defense of that portion of the ocean which is so neglected by the West: the South Atlantic.

#### North Dock Naval Shops (TANDANOR)

The origin of this naval repair shop is found in 1879 in the Lujan River north of Buenos Aires, but its present location dates from 1897, as it was moved when two drydocks were inaugurated at the North Dock of the port of Buenos Aires. Its history is linked to that of the Argentine Navy. In 1901 it repaired the "Antarctic" of Swedish explorer Otto Nordenskjold and when he was lost in the Antarctic, it prepared and reinforced the small Argentine corvette "Uruguay" in 1903 to send it to the icefields in a rescue operation of epic characteristics. From 1922 until 1970 it was called the Buenos Aires Naval Shipyard and as of then it became a shareholder corporation of the state, whose majority share capital is owned by the navy. In 1973 the property of another large repair shop was added to its holdings, adding the land which today is its No 2 Plant, East Dock.

TANDANOR has played a prominent role in naval repair in Argentina, for the navy as well as for the merchant marine, and the number of ships which have passed through its drydocks and repair docks already exceeds 12,000 units in its more than 100-year history, at present working at a rate of between 260 and 420 ships per year. This rate of work could no longer be handled by its two dry docks--180 and 150 meters--and its six floating docks of between 12,000 and 850 tons carrying capacity. For this reason, a "synchrolift" was planned in 1978 and inaugurated in 1980. It was designed and built by Argentine technicians according to guidelines from the manufacturer of the hoisting machinery in the United States and it is the largest installation of its type in the world. It now has an elevator for ships with a length of 200 meters, a donkey engine and four slips of between 220 and 240 meters in length. The elevator may be expanded by another 20 meters and the slips another 3 meters if required. The placing in operation of the "synchrolift" could not have been more timely. Between March and August 1980 it had already serviced 52 ships. Considering that more than 220 ships per year could not be accepted by TANDANOR because of a lack of dry docks and the fact that the national merchant fleet is expanding rapidly, this installation will be amortized within a short time, not taking into account, moreover, the savings in foreign exchange paid for foreign drydocking and lost profits while waiting for a turn in drydock.



TANDANOR has 1,500 workers and employees distributed between its two plants. In North Dock there are 480 meters of docks and Plant No 2 has 1,300. The technical infrastructure is very large: three floating cranes of up to 40 tons capacity, many traveling and gantry cranes, a lathe with 10 meters between centers, a 2,500-ton hydraulic press and shops for all specialties including the welding of iron, bronze and rubber. The Apprentice School, which has existed since 1942, has trained the majority of its workers throughout 4 decades.

While TANDANOR is specifically a naval repair shop, its high technical capabilities, particularly with respect to welding of aluminum in thin plates, has been the reason it has received orders for the construction of some yachts, such as the oceangoing sailing ship Fortuna II of the Military Naval School with its 17 tons and 115 square meters of sails, designed in Argentina and with a brilliant showing in many international regattas. The assembly of the type 209 "Salta" and "San Luis" submarines, which were built in Germany and launched in 1972 and 1973, took place at Floating Dock No 2 of TANDANOR. In this task, TANDANOR personnel were outstanding once more, particularly in the difficult execution of perfect welds on the special high-stress steel such as that used for submarine hulls.

#### State Shipyards and Naval Factories (AFNE)

This enterprise was established in 1953 with two recently completed industrial plants: Rio Santiago Shipyard (ARS) and the Azul Naval Explosives Factory. In 1970 it was changed to a state shareholders company to allow it to have a better industrial development. The purpose of the company is to develop and exploit activities related to the naval industry in general and the manufacturing of explosives, with the basic requirement of contributing to national defense, and in particular, to attend to the needs of the Argentine Navy and the national merchant marine.

#### Rio Santiago Shipyard (ARS)

The Rio Santiago Shipyard is one of the largest in South America. It is located on the left bank of the Santiago River, a lateral branch of the Plate River, in Ensenada in front of the Argentine Naval Military School, and it includes a production and service area with 200,000 square meters of covered surface and 4,000 workers. Up to 1967 the shipyard built ships for the navy, the state shipping company ELMA [Argentine Shipping Lines], the petroleum fleet of the Government Oil Deposits [YPF], the Argentine Naval Prefecture, for the Army (river transshipping) and for private shipowners.

The coming of new techniques in naval construction, the future availability of a deep water port and the trend toward the construction of large ships to reduce the costs of freight, decided the AFNE to expand and modernize the Rio Santiago Shipyard. Therefore, Slip No 1 was lengthened to 220 meters, which allows construction on it of tankers of up to 60,000 tons and large-sized warships. Slip No 2, 160 meters long, handles tankers of up to 18,000 tons and warships of the destroyer type. The 140-meter Slip No 3 serves for the construction of merchant ships of up to 4,600 tons, corvettes and minesweepers. The present capacity of the shipyard is 120,000 tons of gross merchant weight per year, which could be easily increased to 200,000 tons per year.



AFNE has sought to diversify the industrial activity of the shipyard, devoting itself to other fields of production in which private enterprise is not active, or only partially so, to achieve a more rational use of the machinery installed in the ARS. Thus, it has become the only Argentine manufacturer of high-powered, slow and semifast diesel motors of between 3,600 and 30,000 horsepower, under license of well-known European companies; it has been the first to manufacture turbines of more than 10,000 horsepower, being capable of making Felton or Kaplan turbines of up to 250 MW, and 30 MW gas turbines for electric powerplants, as well as large hydraulic presses for the automobile industry. Its electrical steel smelting unit, capable of producing pieces of 13 tons in weight in one pour, is the only one in Argentina suitable for the production of "bogies" for 50-ton railway cars under an American license.

AFNE has licenses from world-known firms for the manufacture of petroleum pumps and distribution panels. It has built a number of locomotives for switching yards for Argentine Railroads and it is participating in the construction of mechanical parts for the great hydroelectric and nuclear powerplants under construction in Argentina.

However, military naval construction is the most complete example of the capability of the ARS. Initiated with the construction of the frigates "Azopardo" and "Piedrabuena," already gone, it continued with the schoolship "Libertad," which set a record for crossing the North Atlantic under sail; the landing ship "Cabo San Antonio," and continued with the missile destroyer "Santisima Trinidad." This ship, the twin of the British Type-42 destroyers, is a unit of very high technological level and a great complexity of construction, particularly because of the extraordinary electronic equipment: sensors, data processors and armament. Its construction was accomplished entirely in the ARS with materials provided by Great Britain and with only a few British technical advisers. The final result speaks for itself of the capability of Argentine technicians. The placing in service of the ship was accomplished with fewer problems of adjustment and tuning than were faced with its twin, the "Hercules," built in Great Britain. In no other place in the world, with the exception of Europe, the United States and Japan, has a destroyer with long-range antiaircraft missiles and of such great complexity been built locally.

While the "Santisima Trinidad" was made completely with imported materials and on existing models, the next step opened a new era in Argentine naval construction: the construction of a number of warships based on a prototype without a prior foreign model and with an increasing share of national industry in its components. For that, the design for a missile-bearing corvette of the German Blohm and Voss shipyard was obtained and modified for the requirements of the Argentine Naval Staff. It is the Meko 140." Six ships of this class will be built with the help of Blohm and Voss, the first of which, the "Espora," was launched 23 January 1982. Armed with automatic 76 and 40mm cannon, surface-to-surface missiles and antisubmarine weapons, this design makes up a small, well-armed and balanced ship in its defense and offensive capabilities. Its construction and peak performance will impose no fewer requirements on the shipyard than did the "Santisima Trinidad," but its completion will signal the coming of age of Argentine naval military construction.

### Azul Naval Explosives Factory (FANAZUL)

It is one of the largest explosives factories Argentina has. It was created in May 1944 so as to provide a supply of black powder and explosives during World War II. It is situated at a place known as Boca de la Sierra, approximately 35 kilometers from the city of Azul, Buenos Aires Province. The area of the plant covers some 600 hectares, of which 32 are occupied by production and services installations. It is now devoted to fulfilling the military needs of the Argentine Navy and to producing explosives for mines, quarries and petroleum prospecting.

It manufactures nitrocellulose, black powder for hunting and sports, powders for cannon and rockets, military explosives, nitroglycerine, aromatic derivatives, ether and nitric and chlorosulfonic acids. Some years ago a tunnel was built there for testing antifire-damp explosives, the only one existing at the time in South America and one of the few existing in the world. At this time, with its expansion phase concluded, FANAZUL has become one of the largest explosive plants in Argentina, able to satisfy an increasing domestic demand, and opening export markets.

The plant processes 106 raw materials, of which only four are imported because they are not produced in the country. It has a commercial agreement with Military Production, pursuant to which, since 1965, this company sells the nitrocellulose it produces in its Villa Maria Plant and that of FANAZUL on the national market and in turn FANAZUL sells the explosives produced by both plants. FANAZUL also receives a proportional share of the exports handled by Military Production through its general sales administration. Both industrial organizations exchange technical manufacturing know-how to improve the quality and economy of their products in a harmonious cooperation among the armed forces to which they belong.

### Ministro Manuel Domecq García Shipyard

The youngest defense industry installation in Argentina, this shipyard was inaugurated in January 1982. It bears the name of a distinguished admiral, who between the two world wars served with distinction in the Argentine Navy.

In the second half of the decade of the 70's, when faced with the continuation of the renovation of the submarine branch of the navy, which was initiated with the assembly of the submarines "Salta" and "San Luis" in TANDANOR in 1972 and 1973, it was done with the determination that not only ships would be renovated in this phase, but that there would also be the construction of submarines in Argentina. For this purpose a contract was signed with the Thyssen Nordseewerke of Emden, Germany, for the construction of two units of the TR-1700 type, and simultaneously, for the construction of a shipyard especially equipped for the manufacture of submarines in which four more units of the same type would be built.

The shipyard is located in Buenos Aires in an area next to TANDANOR Plant No 2, whose "Synchrolift" it will use for its launchings, and it is a model installation of its type, with which the manufacture of the first Argentine TR1700 has begun. It is a submarine, which in the opinion of experts is the best conventional submarine today under construction in the world. Thus, the Argentine Navy will acquire a powerful reinforcement and this young shipyard will acquire the capability for presenting itself as an exporter of this complex, very high technology weapons system.

#### Change of Naval Command Ceremonies

The change of command ceremonies in which Adm Armando Lambruschini turned over the command of the navy to Adm Jorge Isaac Anaya took place in front of the Libertad Building, headquarters of the Navy.

The ceremony was attended by all active duty admirals, as well as by delegations of senior officers, commanding officers, officers, warrant officers and civilian personnel who work in the various branches of the navy in this capital and nearby zones. Also participating in the ceremony were the representatives of the commands, staffs and crews of the ships anchored in the metropolitan port, and delegations of senior and junior personnel of the Naval Prefecture.

#### Message of Farewell

After the review, Admiral Lambruschini gave a farewell speech, which ended with the traditional exhortation of "Obedience and Valor."

"The change in the commander in chief of the navy is an important moment for the Navy. But this importance bears with it a normality in change. Another hand will be at the wheel but the essential direction is not changed because it is determined by tough and steadfast principles aimed at high and immutable objectives. There are no personalisms, nor is there thought of indispensable people. Only the Navy counts.

"The best in us is transformed into an unlimited devotion to an institution, which in its turn only exists to serve the nation. We are tenacious in the defense and promotion of certain values and goals because these come from profound analyses, and in being so, we have the complete awareness that we are asking for everything for the country and nothing for ourselves.

"In Argentina the time for irrational impulses, for absurd positions, personal excesses and positions which do not take the general interests into consideration, has passed. No group can have an attractive power if it does not present a coherent and serious thought with respect to in-depth and viable solutions for the many, serious and complex problems which rise before us as a supreme challenge. The time for the discipline of ambitions has come for everyone.

"I maintained many times that the basic objective of this process is the initiation of a new historic cycle in which it is not possible to exhaust ourselves in the simple search for momentary solutions or emergency plans dictated by the dangerous and mediocre philosophy of living for the moment.

"We have a definitive idea on the need to affirm our historical identity as a nation, defending and promoting our independence in a world marked by interdependence. Aware that faced with crucial decisions, we belong, and shall belong to the free world, we project ourselves into the international scene as a sovereign country for the preservation of our legitimate rights."

Speech by the New Navy Commander in Chief, Adm Jorge Isaac Anaya

"Upon assuming the post as commander in chief of the navy, I extend my personal greetings to the military and civilian personnel of the institution and of the Argentine Naval Prefecture. The coming period will be marked by three fundamental problems: 1. Adapting to the new units, whose technology will subject us to a very severe effort of learning. 2. Defense of national sovereignty in the entire maritime area, which demands of us an unceasing vigilance and the permanent willingness to make the greatest sacrifices. 3. The process of national reorganization, for whose success we unavoidably share the responsibility, must attain its objectives and insure that Argentina shall never suffer the frustrations and tragedies of the past. This will require of us a creative imagination, determination and prudence.

"The key for resolving these problems resides in permanently reaffirming and applying the traditional spirit and values of the Navy."

Private Capital in the Argentine Military Industry (Francisco Figueroa de la Vega)

Despite the tendency toward state management, which up until 6 years ago characterized all aspects of Argentine economic life, concentrating in the hands of the state an enormous number of basic industries and services, military industry has reacted to this trend and, while a large part remains in the hands of the state through the various armed forces, they have been diversifying their sources of capital and have allowed participation by private capital in the past and in other new enterprises created recently.

Private sectors in the semiheavy industries have also centered their attention on participation in the weapons industries, taking an active part in studies, developments and manufacture of military elements in close cooperation and coordination with the branch receiving their products.

There is a good school in Argentina for the training of engineers and technicians ranging from the Army Superior Technical School, Armed Forces Scientific and Technical Research Center, Specialty Schools, as well as the many military factories. All of this is a nursery which feeds private industry, making access possible to a very restricted field.



To corroborate these statements, we shall mention two exclusively private capital industries which participate actively and successfully in the military field.

#### Raca S.A., a Military Helicopter

After a study of the market and national technological level, it was decided that in the case of helicopters, the single turbine light model would perform 80 percent of the operations required from this type of aircraft in the country. Thus it was that in an international auction, the private company Raca, S.A. was chosen to manufacture the Hughes 500 under license.

As of the end of 1973, operations began with the construction of the manufacturing plant, which at this time consists of more than 5000 square meters under cover, the acquisition of equipment, test and precision measurement devices, tools and special optical and electronics calibration devices.

To accomplish and support production, aeronautical engineers and technicians were trained abroad in more than 10 specialties, such as quality control, scheduling of manufacturing, calibration of instruments and overhaul of gear boxes and turbines. Moreover, a permanent stock of more than 5,000 items of spare parts was stored. The manufacturers' license contains the engineering documents with design measurements for each component and the technical specifications for each part (which allows its manufacture if necessary regardless of cost, in case imports are cut off). This microfilmed documentation is the most complete technical library in the country on the subject of helicopters.

To support postsale service, there is a complete capability for major and minor maintenance. A significant detail is that it is the second helicopter shop in the world to receive the authorization of the Federal Aviation Administration (FAA) of the United States to repair U.S. registered aircraft of this type outside of the United States, an authorization which is inspected and renewed annually. To obtain the international authorization of the Detroit Diesel Allison Company for the overhaul of its Allison 250 C18, C20 and C20B turbines, a modular test bench has been obtained, the only one in the Argentine private sector. All equipment and infrastructure described involved an expenditure of more than \$5 million.

#### Evolution toward a New Operational Concept

At this time a gunned helicopter is used in the military to basically fulfill the missions of offensive patrol and attack.

With the exception of the top level military powers, the armed forces of the rest of the countries are analyzing, and some have already adopted, a new solution in the use of combat helicopters adapted to the characteristics of their theaters of operations and the opposing enemy forces. The solution consists of using a larger number of offensive vectors of lesser size and significantly lesser cost, with optimum results in the fulfillment of assigned missions and, therefore, the decision was made for light single turbine helicopters.

This helicopter is a multipurpose vehicle which overcomes climatic restrictions and those of the terrain itself, such as shortcomings of road systems, and it performs missions such as operational supervision and command in flight, ground attack, escorts for large helicopters, observation and patrol of borders and coasts, antitank operations, logistic support, search and rescue, communications and transportation of personnel.

#### Practicality of a National Weapons System

Because there is a commercial helicopter which covers the needs of civil aviation, and considering the unreliability of obtaining weapons systems from foreign suppliers because of negative circumstances in the producing country based on political or strategic reasons, the search for a local solution was initiated 2 years ago. The aforementioned operational concept considered valid, Raca S.A. initiated contacts to form a group of companies which would make it possible to convert the civilian helicopter version to a military version, with fixed and launchable weapons which could be quickly installed and removed, introducing a few structural reinforcements. Thus was the light combat helicopter "Helico" developed. A reconnaissance version was designed and developed with the possibility of being converted for offensive patrol when there is the assurance of the presence of the enemy, with the capacity for accepting 14 air-to-ground 70mm (2.75 inches) rockets with varying combat heads, two 7.65mm machineguns fixed on both sides and one movable machinegun operated by a gunner in the rear compartment. The system is completed with an optical sight and an armament control panel. Firing is done by the pilot from the control stick.

The seat in the rear compartment can be replaced with an internal auxiliary fuel tank for aerial reconnaissance or scouting, which extends its range to 5 hours of flight. When gunned it can perform escort and/or attack missions within a radius of 50 km.

To increase its offensive capabilities, making its actions against medium armored vehicles possible, the adaptation of a 30mm cannon is under development. These developments, which are already operational, are available for export as of 1982.

#### TENSA, Special Developments for Defense

Another of the private industries, which has decided to participate in the military industry is Talleres Electrometalurgicos Norte S.A. (TENSA), whose Special Developments Division, devoted to military engineering projects, has faced a diversified range of activities for which it has a team of planning engineers and technicians who are highly specialized. Prominent among its activities are:

Development of design engineering for armored vehicles, military vehicles in general and gunned turrets.

Adaptation and modernization of armored units with respect to engines, transmission, weapons and sighting systems.

Reconditioning to like new condition of all types of military vehicles.

All this work is accomplished pursuant to international military standards.

As an example of the capacity and high technology of this company, it is enough to mention a list of work done and work contracted underway:

1. Repowering by changing the motors of combat vehicles AMX13 (tanks, self-propelled cannon and troop transports) to diesel in all the units and models of the Argentine Army.
2. Design of the interface between a multiple rocket and its transporter.
3. Repowering of the U.S. Reo trucks--6 x 6, 5 ton--with a diesel motor.
4. Participation in the contract between the Argentine Army and the Panhard and Levassor Company of France for the planning, design, construction and testing of a wheeled scouting vehicle 6 x 6.
5. Participation in the contract between the Argentine Army and the Societe Francaise de Matériels d'Armement for the planning, design and construction of the turret for scouting vehicles.
6. Contract with Tamse for brake linkage of the TAM.
7. Contract with Tamse for the manufacture of complete track links for the TAM and the VCTP transport vehicle.
8. Contract with the Argentine Army for the repowering and general repairs of the M113 combat vehicles of U.S. origins.
9. Contract with the Argentine Army for a change in armament, repowering and general repair of self-propelled howitzer combat vehicles AP 105mm M7.
10. Contract with Tamse for design and manufacture of two training turret prototypes for the tank commander and aimer of the TAM.
11. Contract with Tamse for the design and manufacture of a tank recovery vehicle prototype based on the TAM.
12. Plans for the army for a 4 x 4 vehicle for antiaircraft defense with radar and armament.
13. Study, development and manufacturing phase of the semiautomatic guidance of an antitank missile with a 2,000-meter range.
14. Development and manufacture of 70mm air-to-ground rocket launchers.
15. Fire and sequence control system for aircraft.

## The Military Aviation Industry

All history began in the past but this note should begin in the present...

The military aviation industry in Argentina is beginning a new phase, which while it does not separate it from its past, will mean a transformation that will allow it to act and perform like a modern and efficient private company with responsibilities for the results which characterize successful private companies. This new phase could be said to mean something like a private takeover of the company as far as results are concerned, although certainly the majority stockholder is the Air Force. This administrative decentralization will allow it to have a greater functional freedom of movement for simplifying and shortening transactions and, therefore, a greater freedom in competing industrially with the rest of the world. Quality requirements will have to be tightened and bureaucratic procedures streamlined, producing economic and direct results in obtaining materials and contracts for parts and pieces for manufacturing. These industrial modernization plans begun in 1972, as of 1982 should acquire a real commercial impetus as a result of the conversion mentioned of the transformation of the Cordoba Materiel Area, a part of the Argentine Air Force Materiel Command, into a decentralized body which in an immediate step will become a corporation that will allow the participation of private industry.

As a culmination of this updating of the Military Aviation industry, in coordination and technological cooperation of the Dornier G.m.b.H Company of the Federal Republic of Germany, it is developing the new advanced training airplane IA.63, capable of competing on the international market, where 2,000 training units will be required soon. This airplane, which the International Aviation Society expects to present at the Le Bourget Aeronautical Exposition in 1983, could be on the market around the middle of 1985 as the last word in that which refers to avionics technology and with the backing of the experience and technological capabilities of Dornier. Within this order of things, the next objective to be reached will be to have an advanced industry and technology that in the medium range will complete the machine tools which will allow the maximum of automation of industrial processes with the help of computers. In this respect, work is already going on with private firms with direct links with a U.S. firm to achieve the technological advance in computers for administration, engineering and drafting as well as for the technology of production. Part of this modernization is already benefitting production of the IA-58 Pucara, already being built at a rate of two aircraft per month, since for commercial reasons it has not been necessary to speed up production.

### IA-58 Pucara

This light attack aircraft, whose delivery to the Argentine Air Force began in 1974 and whose production up to date is 70 units, is propelled by two Meca Astazou XVI-G turboprop engines. Its armament, which consists of two Hispano Suiza HS-804 cannon with 270 rounds, four Browning FN-7.62mm machineguns, and a carrying capacity of 1,500 kilograms, has fulfilled the hopes which had been placed on it, since its flight characteristics allow it to maintain surveillance over moving ground targets, something which other aircraft of similar characteristics cannot do. Its design allows it to operate under completely unfavorable conditions and its simplicity makes it capable of taking off and landing in very short fields and without any special preparation. The simplicity of its systems allows normal operation of the aircraft with a small support group. These conditions



were demonstrated in an extensive tour through South America, where flying shows were held to demonstrate its aerodynamic maneuvering capabilities and rocket, machinegun and cannon firing exercises and bombing runs with conventional explosive bombs were carried out. This tour covered Colombia, Venezuela, Peru, Paraguay and Brazil, with a total flight time of 106 hours during which they travelled 17,000 kilometers. One of the legs of the trip, between Venezuela and Peru, was accomplished in 8 hours 45 minutes without any stops.

Various types of ejectors and launchers were used during the firing and bombing demonstrations, and the drops were made with different alternatives. In these tests, the pilots of each of those countries were able to confirm personally the good points of this aircraft by flying it.

With the objective of obtaining a greater operational potential, the two 20mm cannon were replaced by two DEFA 30mm cannon, which fire 560 rounds at a rate of 22 per second. Some modifications were made for this purpose in the structure, and parts of the fuselage were strengthened. The cannon are mounted on shock mounts with a high energy absorption factor. The DEFA 553, which belongs to a new generation, has been substantially improved with respect to other models. Firing is controlled by a programable electronic device for the selection of the duration of bursts. This greater firepower led to the repowering of the Pucara so as to enhance its sales appeal abroad, the Astazou 16 G being replaced by the Garrett-type 331-11 without any changes in performance but with a better chance of selling it since many countries have the facilities for the Garret engine, which in this version is the most recent model, of which there are 6,000 distributed throughout the world, and its good points are known internationally.

As a result, two versions of the Pucara will be manufactured: The IA-58-A with Astazou engines and two 20mm cannon, and the IA58-B with Garret engines and two DEFA 30mm cannon, in addition to four 7.62mm machineguns for the two versions. Both models will have air conditioned cockpits in the future. The small differences in the models will cause no problems in the assembly line nor will they affect the production rate.

#### Manufacturing Activity

The 260 hectares covered by the Military Aircraft Plant [FMA] hold more than 100 buildings with 250,000 square meters of covered area in which 4,600 people work, among whom are engineers, technicians, workers and administrative personnel, who perform their work in the areas of research, maintenance and administration.

It is here that the rapid recovery development that the FMA has faced, causes special efforts to be made in creating test laboratories for studying the behavior of materials subjected to accelerations and mechanical vibrations under acoustic and thermal conditions and where space simulators withstand altitude conditions of up to 400 kilometers. Five wind tunnels operate at a broad range of speeds. Their size allows testing and measurement of various parameters of surface sections and aeronautical assemblies on an actual scale. One of the supersonic tunnels produces ranges from high subsonic speeds to Mach 2.65 and studies are made in them for space vehicles, using an optical device which sees the shock waves produced by the part or piece being tested.

The combination of computation and experimentation can confirm the resistance and rigidity of structures by measuring the stresses and distortions resulting from tests which reproduce the conditions to which the pieces or parts will be subjected in reality. The Structures Department, thanks to these new installations for fatigue tests with their modern computer devices and the systematization of data, makes possible the reproduction of any type of load spectrum, which allows a better design of components. In the new device for ambiental simulation, where outer space conditions are reproduced in temperatures and vacuum, the behavior of components and materials can be studied under conditions of reality. A special plant within the complex is destined for the construction, perfection and testing of sounding rockets, among which the Tauro rocket, of Argentine design and construction, which weighs 650 kilograms, is designed for a survey of natural resources. This is complemented by a pilot plant for the development of propellant compounds and everything related to chemistry technology and the process of manufacturing the propellant. Following in the order of importance, as much in the compound elements as in the results of these programs, are the launchings of the Castor rocket in the Antarctic by the National Space Research Commission at the Vice Commodore Marambio Scientific Base, directed by the Argentine Air Force. The FMA also provides technical assistance for regional programs such as the design and mass production of the Clag rocket, designed for the national program to fight hail. At the request of the Argentine Navy, a remote control drone, the IA-Yto-2, has been developed and is being tested. It is being considered as a winged target and as a vector for reconnaissance of battlefields. With respect to electronics, there is a complex series of equipment for on-board use and for telemetry and telecontrol. The constant expansion of the FMA has also led it to develop and build launchable armament, and general purpose bombs of 125, 250 and 500 kilograms are mass produced.

It can also be added that the FMA produces sports parachutes of its own design, as well as for crewmembers, airborne troops, supply drop parachutes for 100, 200, 340 and 1,000 kilograms and braking parachutes for aircraft.

## History

The Military Aircraft Plant began its activities 18 July 1928, when testing began on the first aircraft built under license, the Avro 504 Gosport. Throughout its 50 years the following aircraft were built under license: Devoitine D21 (French), Focke Wulf 44 Stieglitz (German), Curtiss 75-0 Hawk (United States), Beechcraft T-34 Mentor (United States), Morane Saulnier MS-760 Paris (French), Cessna 182 (United States), Cessna 150 (United States) and Cessna 188 Agwagon (United States). In conclusion we cannot refrain from mentioning the Guarani IA tp G-11 turboprop with 16 seats, the first aircraft of its type to be designed in Latin America, with a cruising speed of 250 knots and authorized for operation with only one pilot. It was presented at the Paris Aeronautical Salon in 1965.

#### Mass Produced National Aircraft

AeMOel	61 units
AeC3	16 units
AeMB1	15 units
IADL22	201 units
IA-24 Calguin	101 units
IA-35 Huanquero	47 units
IA-46 Ranquel	137 units
IA-50G-11	34 units
IA-58 Pucara	70 units

#### Aircraft Produced

Under license	521 units
Own design	676 units
Total	1,197 units

Still further back, as an exponent of the early industrial capability of the Military Aircraft Plant, we have the jet aircraft IA 27 Pulqui and the IA 33 Pulqui II. The latter, a combat single seater, made its inaugural flight 27 June 1950, its test pilot being Capt Osvaldo Weiss. It was designed by Engineer Kurt Tank, former technical director of the Focke Wulf firm, whose plans for the Focke Wulf T.a 183, gave origins to the MIG-15, which is the reason for the similarity between the Argentine aircraft and the Russian.

#### Future of the Argentine Armament Industry

After only 15 years of sustained activity, the Argentine armaments industry enters the international market with its own developments.

From the time of independence (1810) up to the eve of World War II, Argentina resupplied its arsenals in Europe, establishing a historical link when it organized its armed forces with the doctrinaire concepts of Europe.

Because of World War II and the tensions of the time, it was decided in 1944 to make a medium tank to replace the primitive armored automobiles acquired in the 20's and the few Vickers tanks brought here in 1934.

Necessity, which is many times the mother of progress and even success, gave impetus to the creation of the Nahuel (Tiger), which was built almost by hand with materials on hand. It carried a 76mm cannon and 12 units were built--unfortunately none remain--an unprecedented feat in South America.

The Navy achieved a similar success when it built a number of minesweepers with German plans and a private shipyard, minesweepers which for 30 years gave successful service in the river and maritime areas of its jurisdiction.

The Air Force, integrated as a branch of the Army 10 August 1912, in 1927 inaugurated its Military Aircraft Factory, which the following year began the production of the Avro 504K and as of 1930 it designed its own models. In 1947 the Air Force was organized as an independent service, building the jet airplane IA 27 Pulqui, of characteristics similar to the Soviet MIG-15.

These valuable antecedents reveal a tendency toward having its own formulations and there has been--for more than 40 years--the existence of a competent human resource, despite the lack of a scientific and industrial infrastructure in keeping with the complexity of the projects which are faced. Objectively, it can be speculated that if continuity in effort had existed, the Argentine armament industry could have early reached an important development for the general progress of the country on a regional level.

#### Operation "PAM"

The impetus and interruption of their own technical-strategic concepts characterize the nations situated in that broad grey spectrum called "developing countries." This lack of continuity is the result of various factors, among them the production-cost question with its underlying political and economic interests of international scope. In the Argentina of the 40's and 50's, the decision was made favoring the purchase of large numbers of Sherman tanks, half-tracks, and heavy trucks of proven worth and offered at a low cost because they were surplus. Despite the care taken in the use of this materiel, the increasing shortage of spare parts and the high cost of maintenance weighed heavily on the country, it being necessary to resort to cannibalization to maintain an armored force operational at a certain level.

Under these circumstances, an agreement was signed with the United States in 1964 for the purchase of materials through the "Military Aid Plan (PAM)" prepared in the Pentagon for Latin American countries within the framework of the "East versus West" hypothesis, which assigned the guarding of maritime routes and reservoirs of raw material of the region of the South Americans. Therefore, the sale of materiel, or its leasing, was stipulated as follows:

The United States established the needs of the buyer.

The United States maintained political control of the weapons.

The costs of reconditioning were to be paid by the buyer.

These conditions, which finally caused the United States to lose control of the Latin American market, could be justified under conditions of an imminent global conflict which required common defense against a common enemy. However, when the "bipolar" world began to succumb because of Soviet expansionism and increasing U.S. passiveness, operation "PAM" began to become as obsolete as its weapons. Thus, the design of "Plan Europe" began in Argentina, a plan which would mean not only the return to the traditional source of supplies, but also to the broader, deeper and prolonged period in the history of those bonds.



## Europe Plan

Simultaneously with the situation posed by communist aggressiveness in Africa and America, Argentina since 1964 was faced by a growing tension with Chile because of border incidents which constituted an alert. It was for that reason that in 1967 the then commander in chief of the army, Lt. Gen Julio R Alsogaray, ordered a study to evaluate the capabilities of the branch. In his book "The Europe Plan," Brig Gen Eduardo J Uriburu (deceased), who was the chief of logistics and organizer of reequipment, revealed that "In the month of January 1967 the Infantry could not go into combat more than 1,500 meters from the enemy, when the normal thing for modern armies is a radius of 6 kilometers. Our cavalry still had a large number of horse units and the few armored units had antiquated equipment soon to be declared technically useless...and our logistics system of arsenals was a relic of the end of the last century."

This burdensome reality--which was the same for the Navy and Air Force--offered ominous prospects, which were neutralized by putting into effect the "Europe Plan." The updating of the armed forces through direct intervention of national industry began with the construction of combat equipment, whose high technology was a challenge to human ability and also to faithfulness and steadfastness with respect to carrying out medium and long-range projects. The latter, which became the "Achilles Heel" because of the institutional events of the past 15 years, nevertheless did not harm the vital aspects of national defense, which were protected from general political events.

The first specific results of the reequipping of the Argentine Army were obtained with the direct help of private industry: The Astarsa Shipyard to the north of the city of Buenos Aires, which together with its naval building capacity has a very large mechanical plant, undertook the construction in the country, under French license, of the AMX-13 tanks with which the renovation of Argentine armor was begun. Subsequently, that same shipyard produced an armored, wheeled reconnaissance vehicle under a Swiss license.

All this, some years after the new policy of reequipment was initiated, allowed Argentina to reach unique results in Latin America in matters of the armament industry, and achieve undeniable successes such as the construction of the missile destroyer ARA "Santisima Trinidad" [ARA stands for Argentine Navy] and the Argentine medium tank.

The timely independence of the armed forces professional plans, the assimilation of high technology, as well as work in national development, are demonstrated completely in the TAM, whose origin dates back to 1974, a particularly complex time in the political situation of the country. The present president of the nation, Lt Gen Leopoldo F Galtieri, was then chief of army logistics and he undertook the study of existing projects for developing a tank of the army's own design. The specialists had foreseen a program in steps in which after experiences with vehicles on wheels there would come a battle tank at some unspecified time. From an overall analysis, General Galtieri chose the shortest path, directly undertaking the TAM project with the help of a German firm. This decision, which could have been daring, resulted from the confirmation of the human potential available and on the independence of the projects and plans of national defense

from the sectoral political situation. A very few years later, the TAM entered assembly line production, becoming the backbone of Argentine armor and with large orders from abroad.

#### Situation and Prospects

The assimilation of sophisticated European technologies, which have helped to bring about significant developments of our own, have rapidly expanded the Argentine armament industry which is based on state companies under military jurisdiction.

Private enterprise collaborates in the status of contractors for the supply of parts and in the reconditioning of materiel already in service. Nevertheless, to suppose that at a certain time private factories may be installed to be devoted exclusively to the production of armaments is extremely risky. The high costs of research can only be assumed by state supported companies which have been organized for several decades and which possess skilled technicians and have proven scientific experience. This allows the Argentine Armed Forces to have a relative power for the fulfillment of their missions, strategy residing on an increasing logistic independence and with high-yield sophisticated elements, which only a decade ago appeared to be unattainable for the possibilities of the country. However, the activity of this industry cannot be based exclusively on the needs of military power itself, which has a ceiling of need that could depend on the economic resources placed at its disposal. In fact, it would be risking all the efforts made and all the successes achieved up to the present. Having our own needs as limits, the only possible way to consolidate and guarantee technological development is to export in order to create an autonomous economic-financial circuit which would be a powerful help for the better growth of the general economy. Fortunately, reports on the interest that the TAM, the Pucara and other developments have aroused in some countries are truly satisfying and it is to be expected that with the help of a suitable diplomatic strategy the Argentine armament industry will become a useful component in the defense of the Western World.

8908

CSO: 3010/1477

## NATION SEEN EMERGING L.A. LEADER FROM FALKLAND CRISIS

Buenos Aires CONVICCION in Spanish 25 Apr 82 p 10

[Article by Martin Olivera: "Which West, the One That Backed Great Britain?"]

[Text] When Margaret Thatcher's political indisposition produced the order that sent the task force to the South Atlantic, this lady did not consider the fact that, with her position, she was not only challenging the existence of the West (which has lacked a real existence as a unit for quite some time), but also causing an imbalance in the relationship of forces between East and West which, in the final analysis, is the "free world"-communist balance, in the event that bipolarity still exists.

Margaret Thatcher dispatched the fleet and pushed Great Britain toward the abyss. The "iron lady" staked the last feature left to the United Kingdom of its glorious imperial past: prestige. She staked it in the military realm, ordering an operation doomed to defeat; and she staked it in the ethical realm, jeopardizing the security of the free world through a mere whim, lacking in any kind of grounds.

Nevertheless, it would be a mistake to condemn "Maggie" alone for the consequences that could result from the crisis in the South Atlantic. She sent the fleet, but the European Economic Community (EEC) backed her position with economic and political sanctions, and the United States did so to some extent also.

## The World Chessboard

Up until now (or, more accurately, up until 2 April) the world chessboard, although in a constant state of change, showed some areas which could readily be determined.

On the one hand, there was the Soviet Union and its satellite countries, scattered over the five continents. The expansion and control over the border zones was handled in Moscow, backed by military might, while there was an effort for rapprochement with ideologically hostile countries (South America being a typical example), through commercial and economic penetration.

Another bloc (although in constant commercial competition among its members) was the so-called Western one, wherein the European democracies, the United States, Japan, and even Israel and South Africa coexisted.

A rather vague sector was the one comprising the nonaligned and Third World countries. This heterogeneous package included the South American nations (obviously aligned with the Western bloc), the incipient African nations (many already Sovietized), the Arab countries (divided from one another) and, to further complicate the picture, Cuba and China.

One of our country's traditional problems, owing to its traditional inconsistency in foreign policy (something which is not strange, in view of its domestic policy), has been that of never knowing where to position itself.

When it had every opportunity to join the group of developed nations (which, as is being proven in this dilemma, are the only ones that actually "believe themselves to be the West"), Argentina evaded its historic commitment by not intervening in World War II and declaring war when everything had already been decided in favor of the allies. In brief, a disgrace.

Since then it has appeared to be fostering a "third position" movement which, however, it has been unable to intensify owing to its ties with and dependence on the United States, despite the fact that the "leader of the West" has treated Brazil, a nation which did participate in World War II, as a privileged country on the continent.

In recent years the human rights issue has caused a serious split between Washington and Buenos Aires, forcing our government (a steadfast foe of communism) to engage in increasingly cordial relations with Moscow which, with its pragmatism, has disregarded that difference.

When Carter's replacement by Reagan occurred, diplomatic and military contacts began to improve the relations. But, at the outset, Washington asked for a great deal, offering very little. It applied the law of the strongest.

But today everything has changed.

With the conflict in the South Atlantic triggered by Margaret Thatcher, the United States proved that the West consists of only Europe and Japan. So, Argentina (and it would be logical for all of South America to do so following it) must seek another framework for its foreign policy.

Discarding the Soviet bloc, to which it cannot belong nor join by definition of its way of life, apparently all that remains are the nonaligned and Third World countries. But the fact is that it does not have much in common with this mosaic either.

So? There is every indication that this is the time to strengthen inter-American relations (of course, under these circumstances, without the United States), creating a kind of Latin American EEC which could as a bloc oppose the political and economic pressures to which it is exposed from the unity of that West which has excluded it.

Argentina could emerge from this conflict with its internal front strengthened and with a real opportunity for leadership in Latin America. It is a matter of



decision and imagination. It is a matter of getting rid of prejudice and not being afraid to oppose Europe and the United States. It is a matter of knowing how to take a stand and not attempt to be what we are not, nor enter places where we shall always be the caboose.

We must not forget who left us alone.

#### Washington's Solitariness

Meanwhile, the complete support agreed upon by the United States for Margaret Thatcher poses a serious international problem for the Western bloc.

The poor evaluation of events made by the Reagan-Haig duo has led to several effects:

- a) Lack of protection for NATO.
- b) Weakening of conservatism in Great Britain over the short or long term and, therefore, loss of an ally.
- c) Loss of reliability for the United Nations Security Council, which will bring about a questioning of the "veto power."
- d) Loss of backing for the Latin American countries, which Washington abandoned for an extracontinental power.
- e) Resultant loss of backing for the plans in Central America, for which it needed continental support.
- f) Strengthening of the Soviet presence in Central America and, probably, in South America.

It is obvious that Haig and Reagan have more than enough reason to be concerned. Margaret Thatcher exploited the world, and they allowed themselves to be exploited.

Therefore, the only privileged ones are the Russians, and the historical liability will be that of the leaders of the West. Pardon, which West?

2909

CSO: 3010/1524

## GEOLOGICAL TEAM TO PROSPECT FOR LIBYAN URANIUM

Rio de Janeiro GAZETA MERCANTIL in Portuguese 21-22 Apr 82 p 23

[Article by Sergio Danilo: "CPRM Signs \$22 million Contract with Libya"]

[Text] A new mission of Mineral Resources Prospecting Company (CPRM) specialists heads for Libya today, headed by the commercial superintendent of the Brazilian State company, Carlos Eugenio de Farias, to begin the definitive installation of the Brazil-Libyan Joint Group, a committee of five members consisting of technicians from both countries. In the period of 24 months, this committee should institute a "package of geological services" of mineral investigation in part of the 1,759,000 square kilometers of Libyan territory, according to a report to this newspaper by the president of the CPRM, Jose Raimundo Andrade Ramos.

Carlos Eugenio de Farias met Thursday in Tripoli with Fath Nhu, director of services of the Atomic Energy Secretariat of the Libyan Government for the final signature of the \$22 million contract whereby Brazil will receive \$14 million for geological services and \$8 million for equipment exports and the training of personnel.

The place for the services and the contracts to be approved by the Brazil-Libyan Joint Group will be discussed with Libyan authorities and Col Mu'ammarr Qadhdhafi himself, the CPRM thus becoming the first international company with direct influence in present Libyan mineral policy. In addition to promoting the search for underground drinking water, services will include geological research, geophysical services and aerial surveys.

The CPRM will set up "a technical camp" and a representative office in Tripoli, maintaining a permanent team of 12 geologists, technical support personnel and equipment to be used in research.

Two large areas will be the object of studies for the checking irregularities indicating energy minerals, particularly uranium. One of the areas is located in the western region of Libya and the other in the southern region. Three Brazilian private companies for aerial photographic surveys and geophysics will act as advisers in the work of the CPRM: Prospec, Incal and Lasa, all located in Rio.

With the installation of the CPRM office in Libya, two representatives of the company have already been assigned to join the Brazil-Libyan Joint Group: Geologists Carlos Ivan Santana and Ivan de Oliveira.

In addition to prospecting for uranium, Libyan authorities are interested in the search for coal, which is believed to exist in the northeastern part of the country in a strip from Hassi Atshan to the Libyan-Algerian-Nigerian border. Within 10 days the Atomic Energy Secretariat should appoint its representatives to the Brazil-Libyan Joint Group.

8908

CSO: 3001/129

## PRIVATE COMPANIES PRODUCING ROCKETS, TANKS FOR MILITARY

Rio de Janeiro JORNAL DO BRASIL in Portuguese 25 Apr 82 p 36

[Article by Milton F. da Rocha, Jr: "Brazil Will Have World's Largest Rocket Plant in 1983"]

[Text] Sao Paulo--The largest military rocket plant in the world will be in operation in Brazil as of 1983, with a large part of its output destined for export. AVIBRAS [Aerospace Industry], owner of that industrial unit, is today the second largest military armaments industry in the country. The largest is ENGESA [Specialized Engineers, Inc], with its 200 engineers. It is developing technological improvements in its light armored vehicles, including the installation of lasers for night combat.

The origin of that Brazilian development in military equipment resulted from the need to reequip the national armed forces. Initial orders came from the army, later from the air force and more recently, the navy. Minister of Air Brigadier Delio Jardim de Mattos, told JORNAL DO BRASIL that "today 66 percent of the equipment used by the navy is manufactured in the country. We are going to increase that rate of nationally-built components even more with the T-27 and the AMX, which we produce jointly with Italy."

In the navy, shipyards and capital goods industries are preparing for the production of special ships and ENGESA continues to develop torpedoes which it already exports together with other military products. The newest of the ENGESA light armored vehicles is the Jararaca, which has already won three great markets, including countries of the Middle East, Africa and America. Due to its mobility of action, the Jararaca is already sold with a missile launcher, night vision system, and radio sets with intercommunications system. A light ENGESA armored vehicle costs between \$300,000 and \$600,000, depending on the options desired by the buyer.

## AVIBRAS Began With One Airplane

With 20 years of activity, AVIBRAS, whose main stockholder is the 47 year-old engineer, Joao Verdi Carvalho Leite, began with the development of an airplane called the Falcao. It did not continue because of the appearance of the Brazilian Aeronautics Company [EMBRAER]. AVIBRAS then went on to devote itself to research on a propellant for national weather rockets, in addition to electronic equipment such as the telemetry system which goes into the rocket head.

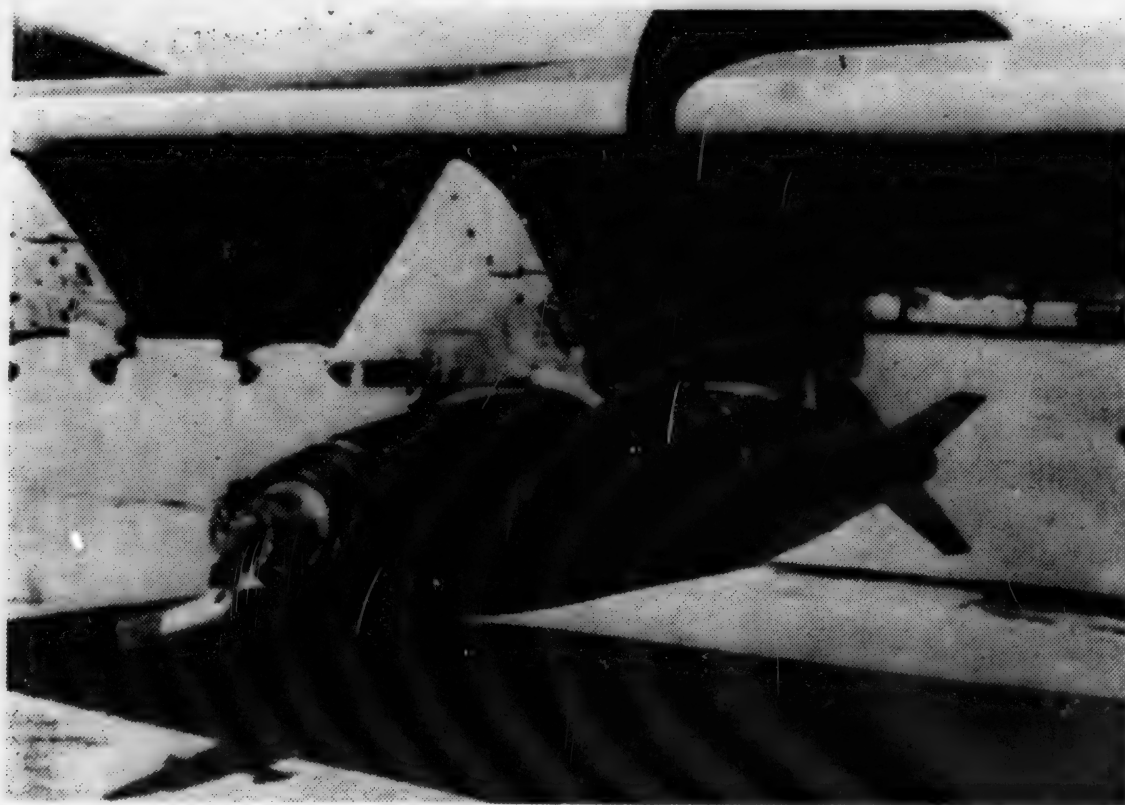


With the search by the Brazilian Army and Air Force for substitutes for imports, AVIBRAS began to produce rockets and it developed electronic equipment such as radiogoniometers and a receiver for receiving Transit satellite transmissions. It also entered the field of weather radar and developed 10-meter diameter parabolic antennas for satellite communications, substituting for imported antennas.

According to the assistant sales director, Pedro Angelo Vial, AVIBRAS basically devotes itself to four interlinked areas: defense, space research, chemistry and electronics-communications. In the defense area, the company today produces equipment for the air force such as air-to-ground rockets for use on any aircraft made in the East or West.

Brazilian rockets are already carried by Arab MIG aircraft, as well as by the F-5's used by the Brazilian Air Force (FAB). It produces rockets with warheads for combat or training, as well as general purpose bombs, incendiary bombs (napalm), and other types. For the army it produces launchers for various types of rockets with ranges which run from 7 to 70 kilometers. It also produces rockets for the space program of the Sonda I, Sonda II and Sonda III type, in addition to the telemetry system and solid propellant.

The propellant, the AVIBRAS Composite, is considered one of the best in the world and was first developed by AVIBRAS. It also produces abrasive material which withstands high temperatures.



In the area of defense, AVIBRAS equips Arab MIG's with 70mm air-to-ground rockets

Its new industrial plant is being built 20 kilometers from Sao Jose dos Campos in an area of 130 alqueires (equivalent to 2.5 million square meters) where safety, according to Pedro Vial, is paramount. "There is no safer plant than ours. Everything was studied with a thought to security and the quality of products we shall manufacture."

The future of AVIBRAS begins in 1983, according to its director, Pedro Vial, the new products to be placed on the market--already determined--will mostly be exported. They are: 1) Integrated defense system with coupled equipment for the detection and identification of targets, multiple rocket and missile launchers (it is a pioneer in the development of the rocket in the country). The principal rockets are the SS-15, SS-30, SS-40 and the SS-60; 2) ballistic antitank and antihelicopter rockets and; 3) communications equipment totally developed in the country. The plant today can mass produce satellite receiving and transmitting stations.



Brazilian Air Force F-5 (D) aircraft are provided by AVIBRAS with 70mm rockets.

## ENGESA Uses Lasers on Armored Vehicles

No one at ENGESA today denies that its success was owed to the philosophy of lateral procurement in its production. This means that instead of manufacturing its own components, it acquired them from other industries, including automobile parts. Its 200 engineers at this time have already planned a number of improvements in all its light armored vehicles, which carry sophisticated communications equipment and even a passive night vision system which uses lasers.

With lateral procurement, ENGESA costs are lowered in the production of its light armored vehicles and because of that it offers a more competitive price on the international market. It also has the advantage of easy maintenance in any part of the world.

It has the Sucuri, a new light armored vehicle, still with no date for production "because the team which is in the field is a success," according to an executive of the company, who was referring to the armored vehicles already in operation.

However, technological improvements have not halted: The Jararaca, the Urutu and the Cascavel are always showing new things such as optional articles the buyer may request. An example is the integration of AVIBRAS rockets with ENGESA armored vehicles, a recent technological victory.

It is also developing new types of cannon to be produced in the future by ENGEX, [Expansion Unknown], its subsidiary installed at Bahia. It has a new 105mm cannon ready for future production.

It is competing in an auction in Algeria for nearly \$300 million and its order portfolio is evaluated at almost \$400 million. Its production capacity is a state national security secret and is not revealed.

## Companies Have Private Capital

AVIBRAS and ENGESA are private companies in which the country owns no shares, as it does in the case of IMBEL [Ordnance Industry]. The main competitors of AVIBRAS on the international market are the North Americans (Canadian and U.S. companies), the French, English, Belgians and Italians. The main competitor of ENGESA on the international market is the Soviet Union, which shares world leadership in the production of light armored vehicles on wheels with the Brazilian company.

The main stockholder of AVIBRAS is Engineer Joao Verdi, who is also one of the main planners of its products and who does not like to give interviews to the press: "My business is work," he says. From exports of \$4 million in 1980, AVIBRAS climbed to \$35 million in 1981. It should exceed \$80 million this year. Its gross operational profit was 4,367,000,000 cruzeiros, compared to the 218 million cruzeiros in 1980. It is spending more than 1 billion cruzeiros in the construction of the new plant.



The ENGESA armored vehicle Cascavel already uses the laser at night



AVIBRAS is a pioneer in the production of 70mm rocket launchers



ENGESA has a new commitment with BEFIEEX [Commission for the Concession of Tax Breaks to Special Export Programs] in the amount of \$1,640,000,000 in exports during a 10-year period. Its president is Jose Luis Whitaker, who is in Brazil very little because of his frequent trips abroad selling his products.

Executives of the two companies believe "The greatest preoccupation of the industrialized countries with respect to the Brazilian armaments industry is that sales of military products are a foot in the door for other nationally manufactured articles and for entry into the area of services. That worries the competition."

8908

CSO: 3001/129

## NATIONAL STUDENT UNION CALLS FOR STUDENT UNITY

Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Apr 82 p 23

[Text] Faced with the prospect of carrying out a single-handed campaign for public and free education, the National Student Union (UNE) is sending a document of analysis to the 96 entities which make up its National Council of General Organizations (CONEG), in which initiatives by some sectors which divide the student movement are criticized, and calling for university students to join in this new struggle with diligence.

According to the document, which acknowledges strong contradictions in student circles, the university student organization declares it is undergoing moments of intensive struggle against the educational policy of the government, which is considered elitist and alien to the problems of the people. The UNE also believes the plan for restructuring the universities prepared by the Ministry of Education and Culture is aimed at making education private and the leadership of the organization believes that the Brazilian education system is an "absolute failure from grade 1 to the university."

After making a historical recount of the 45 years of existence of the organization and its struggles and difficulties, the directorate calls attention to the attempts at dividing the student movement now taking place. Students of the Bahia Federal University are proposing a meeting, which was decided upon at an assembly "improperly called for by CONEG." The argument used by the Bahia students for that meeting is that of fighting against Directive No 3/82 of the Ministry of Education and Culture, which established new prices for university restaurant meals. However, states the UNE, the meeting was scheduled without the consent of the leadership of the higher organization, as has happened in other student groups such as the DCE [Student Directorate] of the Universities of Sao Paulo and Rio Grande do Sul, among others.

The UNE document vigorously attacks the DCE's which are trying to assume positions above the directorate of the organization, considering all these initiatives to be unsuccessful. Among these are the Meeting of Rank and File Delegates of Public Schools, convoked by the DCE of the University of Sao Paulo, another meeting by students of the Federal University of Vicosa and a third held in Belo Horizonte without consultation of the national organization directorate.

"It would be unfair, however, to say that these colleagues, although small in number, find themselves alone." In this respect the UNE revealed a movement being organized in Sao Paulo under the name of Association of Directorates of Sao Paulo for the "obvious purpose of creating an organization parallel to the State Students Union."

8908

CSO: 3001/129

## FIGUEIREDO'S LIFESTYLE CHANGED AFTER HEART ATTACK

Brasilia CORREIO BRAZILIENSE in Portuguese 25 Apr 82 p 8

[Article by Marccone Formiga: "Figueiredo Changes Habits"]

[Text] Good-humored after he concludes his meeting with one of his ministers, President Joao Figueiredo is accustomed to feigning forgetfulness and asking for a cigarette. Only after the surprised glance of his aide does he burst into laughter and recalls the medical order, after he had the heart attack, to stop smoking (he would smoke as many as two packs of Parliaments a day).

This is one of the main changes in the life of Figueiredo since he had the heart attack in September and he began to follow medical recommendations strictly. Horseback riding, which was not sacrificed, is no longer indulged in with the same frequency as before. He used to ride early every day.

Grilled steak, his favorite meal, continues to be eaten but with moderation and with little fat. It is necessary to maintain weight and not let the pointer on the scale oscillate toward the limits established by the team which took care of him and which the private doctors of Granja do Torto maintain with the same caution.

Since he resumed his post, the workload of Figueiredo has not changed. He continues to meet with the ministers with the same routine as before and many times his agenda is filled with as many as 10 audiences, in addition to his participation in lengthy ceremonies.

Only trips cannot continue at the same pace as before, when the president many times had to tour as many as two states in one day, traveling over dusty roads and engaging in wearisome aerial marathons, without mentioning the burden of tensions he brought with him from each trip as a result of state political problems or even social or economic problems which he saw with his own eyes or heard with all attention.

Landings, reviews, salutes, cutting of ribbons, meetings with political leaders, popular gatherings, boarding the Buffalo or helicopter to go into the Amazon jungle or a vehicle, traveling along uncomfortable roads, repeating that same day all that had been done in the morning, that was the routine of the trip schedule Figueiredo followed on Thursdays and Fridays.





President Figueredo before, during and after his heart attack. The heart attack left visible marks.

Now, although that does not mean that he is not in a physical condition to follow an identical schedule (It is enough to see him to see that his outward appearance and disposition has not changed with the heart attack), his advisers of Planalto Palace prefer to save him and the scheduling is made in a less taxing manner.

An overnight stay at each city visited has even been established, with a return to Brasília the following day, thus making it possible for the president to rest from the schedule he has to follow.

The day-to-day activities of the president remain the same: Shortly before 0900 he arrives at Planalto Palace and is received in his office by the so-called household ministers (the chiefs of the Civilian and Military Households, the National Intelligence Service, and the Planning Secretariat) and he meets with them to examine the most important affairs of the day.

Each of them makes a report and the president may ask for more details on the progress of this or that affair, or the level of the problem arising in some sector. There is the discussion of alternatives and when the meeting is ended--it normally lasts an hour--Figueiredo becomes involved in his agenda, which in the morning is normally reserved for meetings with the ministers.

In the afternoon, before 1500, when he returns from Granja do Torto, he meets once more with the household ministers, and he continues with his agenda, which in addition to official business can include audiences or talks with chiefs of state.

On Tuesday that routine is different. Figueiredo is awaited at the foot of the Planalto Palace ramp by Ministers Leitaó de Abreu and Danilo Venturini, the chiefs of the Civilian and Military Households, and with them he goes to the second floor from where he takes the elevator to the third floor, where his presidential office is located.

At night, when he closes the office, that ritual is carried out in the same way it took place in the morning, in a very solemn manner, with the Presidential Guard Battalion playing military marches, while on the other side of the Praça dos Três Poderes, children wave little flags and the people cheer when the presidential Galaxie passes within a few meters of them.

Many times Figueiredo tells the driver to stop or slow down, even when traveling slowly, so that he may greet the people who extend their hands to him.

Contrary to what many people suppose, even when the president was being examined in Houston, no special measures were taken by his advisers to save him from strong emotions resulting from some irritation or some provoking gesture, normal for those who govern.

No, in that respect Figueiredo continues without any protection, receiving the same emotional shocks as before, seated in the principal chair at Planalto Palace as in the past, and, as happens with his ministers, he does not suppress his frank nature, which was demonstrated when he spoke openly to the chief of SEPLAN, Delfim Netto: "I had to give up smoking. Now you must eat less. You are very fat."

## WORKING CLASS IS CAPABLE OF GOVERNING SAYS 'LULA'

Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Apr 82 p 5

[Report on interview with Luis Inacio da Silva by Mauro Santayana; date and place not indicated]

[Text] In 1951, a hard year for the Northeast, a woman from Garanhuns, Pernambuco, sold her things, gathered her children, arranged for a place on a "pau de arara" truck. [large covered truck used for carrying those fleeing from droughts in the Northeast] and came to Sao Paulo looking for her husband. Among her children was a 6-year-old boy, who recalls the painful 3-day exodus along clay roads.

"The truck stank of dirty, wet children and the people spent the nights beneath the trees along the edges of the Rio-Bahia highway. One day a storm fell upon us."

In these 30 years many things have happened to the boy Luis Inacio da Silva, today the candidate to the governorship of Sao Paulo from the Workers Party [PT], which he founded.

"I am much better prepared to govern Sao Paulo than Paulo Maluf. It is enough to attend a debate between present politicians on television to know that any well-informed worker is better than they are," says Lula.

He proposes a collective debate among all candidates to the governorship of Sao Paulo, Jaio and Reinaldo, and with the presence of the present governor.

"We will then see who knows the problems of the people better and who is more capable of resolving them," he challenges.

In this interview Lula says what it is he wants.

In the empty garage, two small but noisy mongrels are on guard. It is 0730 in the morning and the owner of the house is preparing to go to Brasilia to learn what the high military judges will make of his fate. However, it is the worker who opens the door for the reporter after quieting the dogs, who stop barking and begin snarling with a certain friendliness.

Inside, the house is that of a man who does not appear to have changed much inwardly. There is a Sevillian doll with her swirling dress dancing a flamenco, and up above on a small shelf with books on politics and sociology is a brown wooden statue of Don Quixote holding his slender lance. I say to Lula that his house is very Spanish and he, smiling, shows me a letter from Felipe Gonzalez. I say nothing but I see the reasons for the admiration of the PSOE [Spanish Socialist Workers Party] leader for Luis Inacio: In the Sao Paulo metalworker the Andalusian lawyer, the son of wealthy bourgeoisie, sees the authenticity which he truly envies.

This authenticity is everywhere, it is an aggressive testimony. Like the kitchen utensils in the famous story by Dickens, the objects in Lula's house warn us that these years of dangerous glory will not erase his loyalty to his class. The wife and children, wife and children of a worker, also give the morning visitor--when the unprepared house and family begin the day--this assurance: If some day Lula had to return to the factory, he would take with him from these intense years the memory of the friends he made but never that of the frustrations endured.

What about Lula?

#### The Road to the South

Luis Inacio was born in 1945, when the war was ending and many believed the world was entering an era of peace and abundance. At 6 years of age he was, like so many children of the Northeast, a half orphan. The year he was born his father went to Sao Paulo and he only returned once in a great while. The mother--and that year of 1951 was difficult in Garanhuns and throughout the Northeast--decided to go in search of her husband. The small and irregular amounts of money he sent were not enough to keep the children alive.

"We traveled in a 'pau de arara.' There were no asphalted roads and it rained on the Rio-Bahia road. Sleeping in the truck with the stench of dirtied, wet children was difficult. The people would spread out on the road when the truck stopped. I remember well a heavy downpour we suffered, a heavy rain, either in Minas or Bahia. I remember well that journey which lasted 3 days, the oil tarpaulin of the truck and the scenery."

In Santos, where his father lived, the family found him very affectionate and the wife became suspicious of so much care.

"We then discovered that father had another woman here and a half dozen children by her. We in Garanhuns numbered another 6 children with mother. However, our elder brother lived with father and against father's will he wrote to us telling mother to sell everything and come. A short time later, with our approval, mother separated from father. Actually, he earned a miserable wage and was giving most of his earnings to the other family. After finishing primary school I went looking for work. I worked in a drycleaning shop helping to wash, and looking for and delivering clothing. Later I went to work at a company, in an office, but I convinced them to send me to the SENAI [National Industrial Apprenticeship Service]. Mother wanted at least one son to have a profession



and I was trained. I trained as a worker," he smiled, "and I was also the first son to have a primary school diploma."

### Machinery

At first Lula was not interested in the union. A brother who was a member took him into the union in 1968. Little by little he became interested, performing one task or another during these hard years. Later, in 1975, things began to change. Lula was elected president, he began to understand the machinery of capitalism. He managed to talk to everyone but not all doors were opened.

"I even spoke with the commander of the Second Army, General Dilermando. I told him how we workers lived, how we were being exploited. The general promised me there would be no repression against us as long as he was in command. Actually, there was no repression against workers that year."

Came 1977 and Lula took advantage of the climate. All the talk was about political dialog and businessmen were the most enthusiastic advocates of the opening advocated by President Geisel. In the midst of all this talk, recalls Lula, there arose the problem of wage renewals.

### Things Grew Worse

"With the charges made by Paulo Francis in FOLHA," says Lula, "we decided to act. It was very clear that Delfim had harmed the working class and we had the right to be paid that to which we had a right. At that period in the championship I talked with more than 30 businessmen. I told them that the workers of today are no longer like previous workers and that they understood about the economy. And here in Sao Bernardo things were different at that time. The workers were accustomed to reasonable wages and spontaneous increases. Suddenly things grew worse. Even orange juice disappeared. Now there is a difference between a person born blind and a person who sees well and suddenly becomes blind. The one who is accustomed to seeing misses his sight the most. And I calmly told the businessmen that it would be better for everyone if they distributed their profits better. However, you know that Brazilian businessmen--and even those who are called democrats--think only about profits. Nothing at all about the "social mission of the company," if indeed the company has some social mission. The businessman believes he is fulfilling his social obligations when he pays the wage the law decrees. However, it did no good to talk, there was complete insensitivity. It was more than that, they did not believe that the worker, after so many beatings and repression, was organized. And they shouted that if there were a strike, there would be no negotiations, that there would be no talks if the machines stopped. Talks...In the 1978 strike, Luis Eulalio of the FIESP [Sao Paulo State Federation of Industries] was one of the most inflexible: If his factory struck, he would not talk. Then when the time came he was one of the first to enter into an agreement with the workers, and his company, Cobrasma, was one of the ones which made an agreement which was better for us. It was in 1978 the workers discovered that despite everything they could fight and obtain a little more. But they were learning other things."

## Political Awareness

Lula then relates that with the movement of 78, 79 and 80, the Sao Bernardo union began to acquire great strength, as did its leaders. They no longer had only the class enemies to face but adversaries of the union movement itself. In the other unions the workers were pressuring the leaders: Why did they not act like those of Sao Bernardo? It was because the so-called Brazilian union leaders, according to Lula, "are committed and are only in the class organizations to administer the money from the union tax."

"We had three types of enemies: The government, which did not want us to grow politically; the businessmen, who did not want us to grow as a union; and a large part of the union leaders who wanted us to be cassated so that we would cease to be the type of leaders their associates demanded. With the strike of 1979, the government decided to be clearly on the side of management. It transformed a fight for wages into a political fight."

Lula recalls negotiations with Minister Murilo Macedo and remembers an odd fact very characteristic of the times. "In the elevator in the building where the minister lived, there was an unknown individual. Murilo thought he was from our team of lawyers and he asked us later if this were so. Then our lawyer recalled that he had seen the individual's face on other occasions. He was from the DEOPS [State Department of Political and Social Order]. As you can see, not even a minister can escape domestic spying."

Murilo, says Lula, came "with that talk that it could not be more than 60 percent, and we had to go on strike for 15 days to receive the 63 percent the people wanted. Murilo negotiated with us with the card of cassation of the union in his hand."

"Little by little we discovered that it did no good for you to obtain some advantage here or there for a handful of workers because everything depends on politics and the only way for you to resolve the problem is to create political instruments, because the union problem is a political problem. Then we created the Workers Party [PT] and that inflamed the spirit of the state against us."

## Intellectuals and the Party

Are Lula and his crowd not being used as an instrument for the affirmation of the petit bourgeois intellectuals? Luis Inacio made a long speech to explain that while he is proud of the presence of "intellectual worker comrades" in the party, the one who has the say in it is the working class.

"They, and of that I am proud, entered the party so as to work in it under equal conditions with the workers, who are in the majority. However, there is no theoretical superiority or any theoretical arrogance that leads to the discussion of 1917 or the Cuban Revolution. We are in 1982 and we have to resolve the problems ahead. We need proposals from the masses, not the vanguard. The proposals of the vanguard are not suitable, at least not in the contemporary world. The party is heterogenous, it is that way because the society is heterogenous. It is clear that there will be differences among us, and they are even going to appear when we acquire power. We are going to have to face those

differences at the right time. However, I believe the party must first undertake a broad ideological discussion, but not now. It is too early for that. The discussion has to be broad at all rank and file cells, at all levels, and not that business of discussing from the top down. For the time being, it is obvious, we managed to overcome the differences of a practical order we have through fraternal discussions. The PT is not the party of Lula, it is not the party of the leaders, but of all members. But it is still too early for a broad ideological discussion and because it is not yet necessary, no one talks about it."

#### The People in Government

Lula speaks of the plans of the PT. A team is preparing a document with the alternatives for the administration of the state. The plan contains solutions of an economic and social order and is going to be broadly discussed, not only with known economists and experienced journalists, but also with businessmen and professional associations. "After that," says Lula, "we are also going to take it to our rank and file for approval, because this is the difference of the PT, all of us are the party."

Luis Inacio then defended his model of government: In addition to the two legislative houses (Chambers of Councilmen and the Assembly), the people should form neighborhood committees so as to force the government to take the necessary and possible measures for the benefit of the community.

He recalled the bourgeois argument against his candidacy: A metal worker is not trained for directing the complex machinery of public administration. Lula smiles and embarks on a malicious reasoning: "I know one thing, after some of the debates I have been seeing on television, I am absolutely convinced that I am much more capable of governing Sao Paulo than the majority of those politicians who have appeared there. Only last Thursday I attended a debate among Maluf, Odon Pereira and another comrade from the newspaper. I sincerely doubt that Maluf is more capable than I or many other people, men and women I know among the workers. Capability does not mean arousing the people over television, or attacking newsmen, shaking a finger at their nose. It is not acting with authoritarianism frightening reporters. Without false modesty I must say that not only I, but many workers who carry lunchpails and earn the minimum wage, are much more capable of exercising the governorship than he is. And I have faith in God that I will yet debate with Maluf, Reinaldo, Montoro, Janio, everyone, on television, and that is where we are going to see who has more sense, who is closer to that which is of interest to the people and society of Sao Paulo in general. I want them all together so as to discuss things clearly. And no one is going to shake his finger at my nose," concluded Lula.

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## COMMISSION REVIEWS PLANS FOR ANTARCTIC EXPEDITION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Apr 82 p 13

[Text] Brasilia--The research program that Brazil is going to carry out in the Antarctic is being revised by the Interministerial Commission on Ocean Resources (CIRM), according to an announcement made in Brasilia yesterday by Adm Mucio Piragibe Bakker, the organization's executive secretary. The CIRM's purpose in making the revision is to bring the Brazilian expedition closer to meeting the existing requirements so that the country will obtain international recognition of its rights on that continent.

The original aims have been altered because Brazilian universities had presented a large number of suggestions for research relating the Antarctic continent closely to Brazil, with an emphasis on climatic aspects and ocean currents. But according to the Antarctic Treaty, only "countries carrying out research of fundamental interest" to the region will be entitled to rights over that continent.

Piragibe said that our first expedition will be limited to what he called basic priorities. The work will be aimed mainly at hydrographic, oceanographic, and biological research and studies of the seabed. Plans call for landing technicians at the site where Brazil intends to establish a base in the future and for visiting the installations of such countries as the FRG, the United States, Argentina, and Chile.

In the admiral's opinion, the research will have to be genuinely ranked as "substantial," and he feels that things could not be otherwise, "because we have neither the desire nor the ability to push our way into a community of countries that has been established in the area since 1959"--a reference to the nations signatory to the treaty.

Whatever kind of ship is acquired by the country, it will have to reach Brazil no later than September, and it will have to be in perfect seagoing condition. That will give the CIRM 2 months in which to outfit it and see to the training of the crew. The reason is that the Interministerial Commission intends to have the ship out at sea by around 15 November. That will enable it to return in mid-January. Adm Mucio Piragibe's concern over the date arises from the fact that if the expedition leaves in December, as was originally planned, it would have to face the peak of the Antarctic summer at the end of February. During that season, because of the melting ice, there is a widespread movement of icebergs in the region, and that could jeopardize the safety of the ship.



## SAO PAULO PUBLIC OPINION DIVIDED OVER FALKLANDS CONFLICT

Rio de Janeiro JORNAL DO BRASIL in Portuguese 24 Apr 82 p 12

[Text] Public opinion in Sao Paulo is divided over the question of whether Argentina or Great Britain should have possession of the Falkland (Malvinas) Islands. 40 percent support the British position, and 38 percent support Argentina's claim. But the majority (87 percent) want Brazil to stay out of the conflict.

That is the result of a Gallup Institute poll of 610 adults from all socioeconomic groups in Greater Sao Paulo. The poll shows that the crisis has had a great impact on the population: three out of every four persons interviewed had heard of the dispute.

The men are more inclined to support Argentina, while the women lean more toward Great Britain. The British also have more support among the highest social groups (58 percent of Class A and 42 percent of Class B). But in the lower social categories (Classes C and D), those polled showed greater support for Argentina, which is supported by 40 percent in both classes.

Seventeen percent stated no opinion on the question, with women being more reluctant than men: 22 percent of the women had no opinion, compared to 10 percent of the men.

The possibility of Brazilian involvement in the conflict was rejected by 87 percent of those polled by Gallup, with opinion being relatively the same among both men (84 percent) and women (86 percent). On this question, Class A was almost unanimous: 97 percent were opposed to any Brazilian intervention.

In the minority favorable to intervention by Brazil, most preferred support for Argentina (6 percent) over Great Britain (only 1 percent). The men and the sectors with the lowest purchasing power showed a slightly higher preference for Argentina (between 6 and 8 percent). Only 4 percent had no opinion on this question.

The crisis has been having an exceptional impact on public opinion: 76 percent of those polled had already read or heard about the issue, with the men being better informed (85 percent) than the women (70 percent). On this point, too, the more well-to-do classes are out in front: in Classes A and B, 9 out of every

10 persons are keeping up with events. Only in Class D is the lack of information greater: 42 percent had not heard about the matter.

According to Gallup, that result is significant, since international events that are reported on daily by the press rarely become known to more than 20 percent of the population.

#### Who Should Have the Islands?

	Total (%)	Sex		Class			
		Male	Female	A	B	C	D
Great Britain	40	41	40	58	42	38	36
Argentina	38	44	34	29	39	40	40
Other answers	5	5	4	-	3	6	5
Don't know	17	10	22	13	16	16	19

#### What Should Brazil's Stand Be?

Stay out of the conflict	87	84	86	97	86	87	83
Intervene on Argentina's behalf	9	8	4	3	5	7	6
Intervene on Great Britain's behalf	1	1	1	-	1	-	2
Other answers	2	4	-	-	1	1	4
Don't know	4	3	9	-	7	5	5

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## EXPORT SUBSIDIES 'INVISIBLE' TO GATT BEING STUDIED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Apr 82 p 52

[Text] Brasilia--Exemption from all "built-in" taxes in merchandise destined for export, the refunding of or exemption from social charges, and a reduction in the cost of international transportation are some of the alternatives being examined by the government as a means of stimulating exports and insuring that the goal of at least \$26 billion will be reached by the end of the year.

The commission appointed by the government to study tax reform will pay special attention to setting up a mechanism of tax protection for sales abroad through the granting of "invisible" subsidies that cannot be detected by GATT or by importers who are most sensitive to protectionism. But the reform will not go into effect before fiscal 1984, and in the meantime, it is necessary to look for ways to make up for it, especially since the bonus credit allowed by the IPI [Finished Goods Tax] will be eliminated in the middle of next year.

According to the government, the drop recorded in exports during the first quarter affected only commodities, and even that was due to depressed international prices for some of them. Government experts say that in the case of manufactured products, the results could not be better: sales increased by 30 percent over last year, and that can be regarded as an exceptional result considering the current difficulties in international trade.

The government is expecting a turnaround this month in the case of commodities as well because of the considerable increase in coffee sales and the recovery of foreign prices for cocoa and soybeans, although prices have not returned to their level of 2 years ago.

In the opinion of Delfim Netto, minister-chief of the Planning Secretariat of the Presidency, the lower exports at the start of this year were due to factors unrelated to the competitiveness of Brazilian products on the foreign market. The minister claims that the exchange policy has guaranteed exporters of adequate profitability, since exchange corrections will keep pace with inflation as measured by the INPC [National Consumer Price Index] without adjustment for foreign inflation, thus providing the exporter with an extra 8 or 10 percent in earnings.

## Concerns

No one in the government is talking about a maxidevaluation or even about mini-devaluations that would be more frequent or in higher amounts. The present system is considered adequate for remunerating exporters, especially since the remuneration in question does not take possible drops in international prices into account, although the prices of some products have dropped by as much as 14 percent.

The result is that government help for the exporter will not be made available until the IPI's bonus credit is eliminated. When that time comes, some form of compensation will be considered--probably a refund of such taxes as the single tax on fuels and lubricants, the single tax on energy, and the import tax (the last-named to be granted when foreign raw materials and components are used in manufacturing the product), as well as a refund of social charges paid by firms that produce for export.

That purging of taxes and charges levied on products for export is being studied by the Ministry of Finance, whose experts support the opinion that such measures constitute "invisible" incentives not explicitly prohibited by GATT and that they are applied in several countries, including the industrialized countries and those that complain the most about subsidies granted to Brazilian exports.

As far as ocean transportation is concerned, the Japanese example is being looked at with steadily increasing interest by the Brazilian Government. Japan subsidizes transportation, thus reducing one of the most significant items in the cost of exported products. Thanks to that measure, Japanese automobiles can be marketed in Argentina and Chile at prices competitive with those for vehicles exported by Brazilian industry.

The only problem with the adoption of that mechanism is the growing cost of export subsidies, which this year are expected to total 500 billion cruzeiros, a figure rapidly approaching the total for agricultural subsidies, and this is forcing the government to steadily increase its domestic borrowings to generate the funds needed for taking care of those two sectors of the economy.

In the middle echelons of the Ministry of Finance and the Central Bank, there is visible concern over the growth in export subsidies, partly because of an important political factor: since exporters can exert pressure on the government, it will be difficult to withdraw those subsidies in the future even if they are no longer as necessary as they are today.

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## GOVERNMENT CONCERN OVER ELECTORAL COLLEGE MAKEUP VIEWED

Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Apr 82 p 7

[Article by Thomaz Coelho]

[Text] Brasilia--There are only two possible situations in which a constitutional reform will be carried out: either a national constituent assembly will be convened--a possibility supported by the opposition parties--or the government will be defeated in next November's elections. That second situation is not only easier to bring about but also more likely to happen, since the current Congress would be called into special session to make changes considered indispensable by the government, especially as regards the makeup of the Electoral College that will elect the future president of the republic.

The possibility of calling a special session of the National Congress in December and January (the terms of the current congressmen will expire on 31 January 1983) is supported by the government as being a way of resolving future stalemates that would be generated by an election defeat (the stalemate that the government has in mind is precisely that of losing the elections and thus losing control of the Electoral College). Several parts of the constitution would be rewritten: those concerning the legislative branch, some of whose prerogatives would be restored; those relating to the Electoral College, with a provision that all the parties will have to nominate their own candidates for president of the republic (thus eliminating the possibility of a coalition of parties); and a return to the requirement that constitutional changes be approved by a two-thirds majority.

#### Changes

The government's major concern is over the makeup of the Electoral College that will be responsible for choosing the president and vice president of the republic. If it loses control in next November's elections, a special session is a certainty, and the current Congress will make changes in the rules of the game, since it has a government majority, even though a new Congress will have already been elected.

The anticipated change will be the requirement that all the parties run candidates for president and vice president of the republic, just as legislation already requires that they run candidates in all other election contests. Such

a change could obviously be brought about through ordinary legislation, but there is no value in passing a law of that kind, since it could easily be repealed by the opposition if the latter were to win a majority in Congress. So the changes will have to take the form of constitutional amendments, and the quorum required for future constitutional changes will also be changed.

Under the intended constitutional amendment, the votes of deputies, senators, and delegates to the Electoral College who vote for another party's candidate will be canceled. This would give the PDS electoral superiority even though it does not have an absolute majority, thus allaying the government's apprehensions concerning the presidential succession.

To keep it from being said that this constitutional reform is aimed exclusively at enabling the present rulers to continue in power, the provisions concerning the legislative branch will also be amended to restore some of the latter's prerogatives.

It is in that chapter, however, that the government intends to introduce a return to the provision requiring a quorum of two-thirds for the passage of constitutional amendments. This will block any effort by the opposition to amend the constitution, although it will also leave the majority party incapable of changing any of the constitutional mechanisms in the future. That requirement--imposed by the Military Junta--was originally established as a means of preventing the opposition parties from changing the provisions of Amendment No 1. General Geisel later labeled the article "absurd" and repealed it, returning to the provision that only an absolute majority was required for constitutional changes. He did so precisely because the former ARENA [National Renewal Alliance] did not have the required two-thirds majority in Congress for changing direct elections for state governor into indirect elections, which is what the government wanted.

That is no doubt the most likely situation in which a constitutional reform will occur. The other would be the calling of a constituent assembly.

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## FIGUEIREDO: ELECTORAL CHANGES 'POSSIBLE' BEFORE ELECTIONS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Apr 82 p 4

[Text] Porto Alegre--During an interview granted in Porto Alegre yesterday morning following a meeting with Rio Grande do Sul PDS [Social Democratic Party] members at Piratini Palace, President Joao Figueiredo admitted that new changes in electoral legislation are "possible" before the elections of 15 November. Figueiredo also reaffirmed his confidence that the PDS will win, saying that the party must carry on a high-level election campaign and not go along with provocations or radicalism.

That was President Joao Figueiredo's message yesterday to the members of all the party's regional directorates during a meeting with approximately 400 people at Piratini Palace in Porto Alegre. Repeating what he had said during an earlier meeting (of about 20 minutes duration) with Governor Jose Augusto Amaral de Souza, the party's federal and state legislators, and the PDS Regional Executive Committee in Rio Grande do Sul, Figueiredo said he is confident that the government will win in November.

Figueiredo made two statements. The first--and informal--one was delivered before the governor, the party's legislators, and the executive committee. The other was delivered to the chairmen and members of the executive committees of the 238 municipal directorates. It was, in effect, the start of the PDS campaign in that state. The former minister of industry and commerce in the Medici administration, Marcus Vinicius Pratini de Moraes--a candidate for the Chamber of Deputies who has not yet been officially nominated by the convention--said that the president "gave the party leadership an injection of confidence."

The keynote of his statements--underscored by all those who heard him--was defense of the party's internal democracy and the need for the candidates to be rigorously faithful to the truth during the campaign, which Pratini de Moraes admitted had started with his presence in the state. The former minister said: "I feel that it was a good start."

The president acknowledged that this will be an "arduous" campaign, but he recommended that the PDS face it "with confidence." He urged all the candidates to analyze the problems facing the country and to present their suggestions for solving them: "Study what has been done and what it is necessary to do." Pratini de Moraes stated that the president "has given PDS candidates

the green light to take up the banner for the modifications in the new policies and the changes in what needs to be corrected." That aspect was also stressed by the party's deputy leader in the Chamber of Deputies, Deputy Hugo Mardini, who interpreted the presidential position as being a stand for the defense of broad internal democracy.

But one basic point was the advice that everyone be calm: "Do not go along with provocations; don't fall into the game of radicalization" and--as Carlos Atila, spokesman for Planalto Palace, stressed--"Don't go along with a demagogic campaign." While he did not address the opposition parties by name, that warning was interpreted as a criticism of the political strategy of those parties.

Hugo Mardini asserted: "The president expects his party to carry the message of optimism." The deputy said that once again, in his meeting with the party's legislators and in his meeting with the municipal leaders, Figueiredo had repeated the gesture of extending his hand to the entire community. Mardini said: "He repeated and insisted that all of us must respond capably to the criticisms that arise and are directed at the government." And he added: "He is confident that we will be able to respond to those criticisms without radicalization."

Carlos Atila called attention to this basic principle: "The president gave the same commission and the same message that he has been giving in other states. He urged the party and the candidates to carry on a high-level campaign and not to give shelter to provocations. He asked that they examine the problems affecting the majority of the population and suggest solutions to them" and, above all, that they "not conceal the truth and that they discuss the lines of government policy objectively."

The spokesman reported: "The president expressed confidence that despite the difficulties facing us at the moment, the people will do the right thing, since the voters are sufficiently enlightened to judge objectively." In Figueiredo's opinion, "the voters will recognize that what is being presented as the government program is what is in the best interest of the community."

At the start of his meeting with the governor, the legislators, and the executive committee, Figueiredo was greeted by the PDS regional chairman, Deputy Victor Faccioni, who spoke of the "great satisfaction" and "extraordinary encouragement" represented by having him "in command of the campaign, which, with the victory on 15 November, will consolidate democracy in Brazil." The president responded informally and discussed the same things that he would repeat later to the municipal leaders. The meeting lasted about 20 minutes, after which the president spoke to the leaders of the directorates assembled in the palace's Negrinho do Pastoreio Room. He spoke for about 10 minutes and was greeted personally by every one of the almost 400 people in the room. At the end came the surprise: he agreed to hold a press conference.

#### "Let Us Not Radicalize the Campaign"

Below are the passages in which President Figueiredo discussed political topics during his press conference yesterday in Porto Alegre.



[Question] Will there be any more changes in electoral legislation before the elections are held?

[Answer] That is possible.

[Question] What kind of changes?

[Answer] I don't know yet. Because they used to say that everything came out of Planalto Palace already decided: names of future governors and suggestions. And so I decided to listen to the party first to demonstrate that I wanted to hear the political leaders--to hear the party. I have always sent messages to Congress after hearing what the party had to say. Nothing ever came out of my head that I had dreamed up--only suggestions from the politicians.

[Question] What about the Falcao Law? Will it be amended or eliminated?

[Answer] So far I have not discussed the matter. No suggestion in that direction has reached me.

[Question] Will the election results be upheld and respected?

[Answer] Listen. If I were going to hold elections only to ignore the results, it would be better to keep power in my hands and not hold elections. Isn't that right?

[Question] Couldn't a major victory by the opposition parties endanger continuation of the process of political relaxation?

[Answer] The people will decide that. The people will say.

[Question] The opposition--chiefly the PMDB [Brazilian Democratic Movement Party]--says that it will win in 18 states. Do you believe that?

[Answer] They did not win when they were all part of the MDB [Brazilian Democratic Movement], so why would they win now? I don't know why they would.

[Question] What results do you expect in Rio Grande do Sul on 15 November?

[Answer] I hope there will be a victory by my party.

[Question] Because of the split in the opposition?

[Answer] The opposition is divided because it wants to be. Why didn't the MDB stay united, as it was before? I didn't force it to split. They split up because they wanted to.

[Question] Does that facilitate a PDS victory in Rio Grande do Sul?

[Answer] I don't know whether it does or not. If they want a major victory, they should all unite and form a big MDB like they had before. I did not force

anyone to split up--quite the contrary. When I proposed the multiparty system, I lost from the start because my own party grew smaller.

[Question] But now you have gained because of the merger.

[Answer] I don't know. It is the people who will say.

[Question] Mr President, since these meetings of yours, what are your expectations concerning the election results here in Rio Grande do Sul?

[Answer] I am not a prophet. I am trying hard to win, and I am almost certain that I will win. But as to the result, I don't know.

[Question] What kind of work must the PDS do among the voters here in Rio Grande do Sul?

[Answer] The work I have been recommending in all the states--I talked to the leaders today--consists of telling the truth. It is the easiest thing to talk about--to do. It means talking to the people and telling the truth.

[Question] Are you concerned in any way about radicalization in the opposition?

[Answer] No, I am not concerned--it is not really a concern. Whether they turn radical or not is their problem. What I am concerned about is that we should know how to conduct ourselves so as not to also fall into the error of becoming radical.

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## FORMER PRESIDENT CRITICIZES ECONOMIC POLICIES

PY152142 Paris AFP in Spanish 0050 GMT 17 Apr 82

[Text] Santiago, 16 Apr (AFP)--Former President Jorge Alessandri Rodriguez pointed out here today that General Augusto Pinochet's administration had made mistakes which have seriously harmed the economy and the people in Chile.

Unfortunately, the stomach needs cannot be put off, Alessandri said, speaking about workers collective dismissals and the reduction of salaries which were put into effect by some firms in order to cope with recession.

The former chief of state who between 1958 and 1964 headed a rightist government supported by conservatives and liberals, thus joined the criticism which was lately raised in various sectors against the model of free market set up in Chile years ago.

These objections and complaints increased due to the bankruptcy of numerous industrial plants, the increase in unemployment which is over 12 percent. The \$2.6 billion deficit in the balance of payments, and the fiscal deficit estimated to be over \$1 billion.

Admitting mistakes which might have been made is a virtue, particularly esteemed when referring to the public service, stated Alessandri, who until 1 1/2 year ago headed the State Council which advised President Pinochet.

Admitting them when they are causing such big harm--he added--does not blemish the high achievements of the present government in the economic field but, on the contrary, it gives prestige to the government.

Among such mistakes the former president pointed out the overall reduction of customs tariffs to 10 percent without any survey justifying it, causing in recent years an avalanche of all types of imports, ending up with the imbalance of the balance of payments and the shutdown of national industrial plants which could not compete with foreign goods.

Alessandri also questioned the monetary policy and maintained the exchange rate at 39 Chilean pesos per dollar, which has been effective since June 1979 and which has harmed exporters, in turn stimulating importers.

When reviewing unemployment and the decrease in salaries as consequences of this situation, the former president stated that besides the cruelty these measures entail, they do not help create the appropriate climate for the social objectives the present government is seeking.

Alessandri's unexpected participation took place during an assembly of shareholders of the paper and cardboard manufacturing company which he heads, when he also mentioned the losses of the company.

To cope with these difficulties which were officially blamed on the international recession, Chilean officials decided a drastic reduction of the public expenditures and new taxes on income and urban estates.

Finance Minister Sergio de Casto, who was in charge of announcing these measures, told a group of employers today that the critical symptoms of the Chilean envoy will start disappearing during the second half of the year.

CSO: 3010/1571



## SECOND ROUND OF TELEVISION STATEMENTS BY CANDIDATES

## Betancur Defends Educational Plan

Bogota EL TIEMPO in Spanish 20 Apr 82 pp 1-A, 6-A

[Text of televised speech by Conservative Party presidential candidate, Belisario Betancur, 19 Apr]

Good evening. Fellow countrymen. As I promised last week, this evening I am going to speak to you about some of the major topics which have to do with housing, education, employment, public peace and the personal security of all Colombians.

But before doing so, I wish to pay tribute to the style, language and moderation which the other presidential candidates, Drs Galan Molina and Lopez Michelsen employed in their first-round speeches last week.

Everything that we leaders of the political sectors do to maintain moderation and common sense will elevate the debate and will be a valuable contribution to the maintenance of the peace we Colombians so greatly desire.

Now let us speak to our fellow countrymen and give them concrete and viable answers to their concerns because this is constructive and is of interest to all of them. The people are no longer interested as they once were in blindly fighting for sectarian red, blue or any other color flags but rather for peace and employment; they are interested in fighting against the high cost of living, for education, health, housing and security.

Of course, it is understandable that there are still leaders who because of their inability to propose to the Colombian people real solutions to their problems or because of their disdain for these selfsame problems are reviving the old chestnuts of hatred and sectarian flags to distract attention from the true reality of the problems. What problems? Problems affecting our people which they could have resolved when they were running the government, hands, which they could have eased when they received a coffee bonanza, something we Colombians have awaited for many generations.

However, peace, in order that it be a just and durable, cannot be the peace of this or that party and much less the peace of this or that sector.

No, peace cannot even be of an entire party. Because those who do not belong to that group or that party would be outside the peace and would protest and destabilize it. They would conspire against it.

No, peace is not of one party. Peace is not of an exclusive group. Peace is not liberal and not conservative. Peace is national. I have said this and am convinced of it: real peace, popular peace for our fellow countrymen is quite different from the peace of political machinations: it is totally different from the peace of clientelism, as what is important to the adherents of this system is what positions come to me, instead of thinking: How many jobs are we capable of creating for the unemployed, for those who need work?

The other peace, democratic peace, is social peace; it is the tranquility of our homes. That peace is assured by well-paying jobs, a reasonable cost of living, health, housing, education, ways of getting ahead, cheap credit and not the high interest rates now being charged. So long as these things are not secured, subversion will intensify; and even though there are limited or broad amnesties, in short order we will be back where we started from because social injustice has not been attacked at its roots and we know that social justice is peace. Therefore, let my fellow countrymen judge by the tranquility of their homes or of their activities, whatever they may be, whether or not it is true that the government has the authority to ensure that more Colombians have access to the basic rights of the individual which are: housing, education and employment.

Let my fellow countrymen analyze the proposals I am making and after thinking about them they will see that these are serious proposals that we have arrived at on the basis of serious studies by hundreds of experts in the field. After analyzing the proposals, they will recognize them to be real proposals and will say which of us is right. Is Dr Lopez Michelsen right, a man who has said repeatedly and did so last week on television that it cannot be done, it cannot be done; or is national candidate, Belisario Betancur, right when he says it can be done?

I will not cover the topic of housing in three parts: In the first place, I am going to speak about the problem of housing per se; in the second place, I am going to discuss the changes which can be and should be made to ensure popular housing without down payments. And finally I am going to speak about the benefits which the middle and lower classes will receive under the new system.

Let us speak first about the general problem of housing in the country. At present, we need 1 million houses, a scandalous figure without considering the 500,000 houses which are deteriorating and do not have the basic services. This deficit is concentrated in the countryside and among the poorest groups. Of the total families which do not have houses, two-thirds are not even earning the basic wage. For a house costing 220,000 pesos, they must have a down payment of 30 percent, that is, over 70,000 pesos which they have no idea where to obtain. That is where everything ends for them, because according to the present system they have to finance the down payment for the government and not vice versa. While injustices such as these exist, Dr Lopez Michelsen maintains that it is the poor who have to finance the large construction enterprises and the government and not the large enterprises and the government which have to finance this down payment so that they can have their house or apartment built.

UPAC [savings certificates with constant purchasing power] credit is cheaper for the rich than for the poor. That is because the situation is as follows: since those who have money obtain certain advantages, their after-tax UPAC credit costs them 12 percent per year. On the other hand, for a person without money, one who has nothing, that UPAC credit costs him 24 percent. For that reason, we have spoken about the elimination of the tax on monetary adjustment [correccion]. What is more, because of the great wave of speculation lashing the country, the price of land increased 40-fold in the last 10 years, in addition to the rise in cost of construction materials with which everyone is familiar. While wages in that same 10-year period rose only sixfold, housing costs rose 17-fold. That is the reason why housing is out of the reach of the middle and lower class.

The Agrarian Credit Bank stopped building houses in the countryside many years ago. The Territorial Credit Institute has also stopped such construction; therefore, the people are forced to go to the city for housing and also for education, health services, work and recreation.

There are construction companies which are building houses without the lot at very low prices: I have here one construction company which builds houses for 43,300 pesos without a foundation and also builds another kind of house for 45,200 pesos; another company builds houses for 51,600 pesos and 54,400 pesos. As for the peasant who has a lot in his parcel, if he is helped to finance the down payment or if the down payment is eliminated for him, his housing situation would be eased and he would not have to migrate from the countryside to the city.

There is another aggravating circumstance: when, after a thousand sacrifices, individuals by exception get the whole family together and are able to assemble the down payment, then comes the interminable paperwork created by clientelism which raises the cost of housing.

I told you that I was also going to speak about the changes which should be made: in the first place, we must change public spending guidelines so that budgets will have an orientation toward fundamental social subjects. If this is done, we would be able to refinance the Agrarian Credit Bank and refinance the Territorial Credit Institute so that peasant housing can be built, something which was stopped years ago and has not yet been resumed.

In the second place, if we orient public spending in a social sense: at present, for example, however important it may be to build a luxury guest house for illustrious visitors in Cartagena which will cost 300 million pesos, we would give priority for the outlay of those 300 million pesos to help finance the down payments of people living in the popular barrios of Cartagena who are without housing. And however important was the Convention Palace in that same city, with the 3 billion pesos or a figure in that neighborhood that it cost, without the sumptuousness with which it was built, popular housing for the people of Cartagena could have been financed as well as housing for the people of cities on the Atlantic coast.

Another point which should be taken into account is that wherever possible savings should be channeled and directed toward the construction of popular housing without down payments.

The negativists tell me that this cannot be done. But remember that at the end of Dr Alfonso Lopez Michelsen's government the Central Mortgage Bank came out with a popular housing program without down payments.

I have here the Central Mortgage Bank's report for September 1978 in which it is stated: No down payment will be required for that popular housing program. Yes, it can be done. What is happening is that they do not want to do it. About 3 months ago, Dr Turbay's government announced a popular housing plan without down payments; the only thing is that they never put it into operation; a few newsmen wrote stories about it but they, too, did not want to do it.

Paradoxically, the Lopist adherents in Barranquilla are saying in the popular barrios of the capital of Atlantico that the subject of popular housing without down payments is not exclusive to Dr Betancur nor is it a Dr Betancur initiative, as a law issued in 1964 and approved by then President Dr Carlos Lleras Restrepo provided for popular housing without down payments and they are saying that this is an initiative by those Lopez and Barranquilla leaders, in short, an initiative by liberal governments.

The down payment poses such a problem that an institution as sober as FEDESAR-ROLLC [Federation for Development] in a study entitled "Land on the Black Market of Bogota," states on p 109: "The existence of a relatively high and inflexible down payment is, as is known, one of the limiting factors on demand in the commercial housing market." This study was prepared by economists Rodrigo Losada Lora and Dr Hernando Gomez Buendia, a great economist, a great Colombian adviser to Dr Lopez Michelsen in his campaign.

Elsewhere, in Mexico there are institutions which require no down payments for their housing programs. This is a study prepared by those selfsame Mexican organizations. Yet, it can be done, if one wants to do it. Yes, there can be popular housing without down payments.

Let us now take a look at where the money will come from for massive no-down-payment programs. I ask you to listen closely to where it will come from:

I will begin by saying that, in my opinion, the subject of housing must be discussed as an integral topic which seeks to direct savings toward social ends and not only toward monetary ends as is the case with Term Certificates of Deposit, which have garnered over 140 billion pesos and with Participation Bonds [Titulos de Participacion]. Thus, if some part of those funds were applied to social housing there would be a formidable incentive. If such funds were diverted basically toward social housing, there would be an immense pool of resources. If these redirected savings were used for the middle class and the poor instead of for the financing of sumptuous penthouses, we would have very large sources of funding. Let us be specific: where will the money for these massive social housing programs come from?

In the first place, an effort will be made to immediately order savings and housing organizations to earmark at least 30 percent of their funds for housing up to 50 minimum wages. That is, 400,000 pesos without down payments and gradual reduction of down payments for housing for the middle class. And of course



a drastic limitation on the financing of luxury housing. This has to be done by government decision. There are private housing organizations which are ready to carry out these programs. They are only waiting for the government to authorize them to do so.

An effort will also be made to reduce the reserves of these selfsame savings and housing organizations, which will free at least 20 billion pesos without inflationary impact.

What is more, an effort is being made to order all the financial organizations which accept term deposits to invest at least 10 percent, that is about 14 billion pesos, in Territorial Institute Bonds and in Central Mortgage Bank obligations to finance cooperatives, family, professional and trade union associations, in short, serious institutions which orient their activities toward popular housing but do not have funds.

Also if we revise the 1974 tax reform by means of which the government of Dr Lopez Michelsen practically killed Central Mortgage Bank obligations, which were tax exempt, so that they can be reborn and provide more funds we would have a third source of funds. This has already been done. This will encourage tax evasion say those who invented Participation Bonds which were turned out by the government, which are negotiable and which moreover are the cause of the scandalous rise in interest rates. The obligations are also regulatable by the government and permit direct social benefits.

A fourth source of funds: Social Security has 41 billion pesos in reserves of social security funds which by law are held by the IFI [Industrial Development Institute], Bank of the Republic and National Hospital Fund and are producing rates of return lower than the rates subsidized by the law. Funds being held by the IFI and the Bank of the Republic could be used for popular housing, without touching National Hospital Fund holdings.

Another possibility to promote funding: through application of the amortizations and yields of those papers 10 billion new pesos could be freed annually to be used for popular housing without down payments.

Another source: promote association credit which has produced very good results, as shown by the program which was carried out recently by the Central Mortgage Bank in Armenia over the opposition of the Lopists. There the Teachers Association, under the leadership of the great leader, Eber Munoz, using modern do-it-yourself methods, built apartments which cost it 1 million pesos. They were immediately worth 1.6 million pesos.

Another source: revise Article 256 of the Substantive Work Code so that partial withdrawals of retirements funds can be invested in non-negotiable obligations; the funds would earn more than they are now earning and would strengthen the Central Mortgage Bank and, of course, would give workers priority rights for their housing.

Another source: provide incentives for the construction materials and prefabricated housing enterprises and encourage construction companies to investigate and implement modern procedures and techniques. For example, at present the Paz

de Rios Iron and Steel Company has large supplies of construction materials, which if not used in the promotion of mass housing programs would cause that company to fail. In the final analysis, the building of a house involves the entire economy. That is because house-building requires bricks, cement, carpentry, plumbing, painting, tiles, glass, electrical appliances, blinds, etc.

In his speech last week, Dr Lopez Michelsen said that there are no materials; however, I have already said that those materials do exist. What is more, several brick-making companies in the country are on the verge of bankruptcy because there is no demand. That causes failure of their expansion plans. In a related matter, we know that the luxury housing market is saturated, which means that the time has come for builders and savings and housing organizations to change course. The builders know that the luxury market cannot take any more. And in this regard, because of that selfsame saturation, the time has come to undertake mass housing programs. Of popular character, of course, and without down payments.

I told you that I would speak to you today about education, about a topic also touched upon by Dr Lopez Michelsen within the context of his "it cannot be done" philosophy: the topic of the open and extension-course university, to require respect for the right conferred by the state itself when it issues a high school diploma, which is good for only one thing: to enter the university. This has become a joke, as shown by the fact that last year, according to Dr Lopez Michelsen, 180,000 high school students were graduated. That left over 100,000 graduates without access to the university for lack of space.

Dr Lopez Michelsen advances as a major argument the fact that we are going to fill the country with unemployed "doctors." I do not know what kind of "doctors" the illustrious former president could be thinking about. Sincerely I am surprised that a man who has held the office of the presidency and, therefore, has the obligation of knowing the problems and their solutions, speaks so lightly about something that was invented and has been operating in European countries for many years.

That extension-course program has also been implemented in Latin American countries. For example, in Venezuela, there is a university with 80,000 extension students; in Costa Rica in a single city, San Jose, the capital, there is an extension university with 9,000 students. Such programs exist in Mexico, Argentina and Ecuador. The only explanation we can find for Dr Lopez Michelsen's attitude toward this subject is that in Colombia an elitist exclusivist attitude toward education continues to exist according to which providing education to our people is costly, difficult and almost unnecessary. I will never agree with that idea. And by no means because of my background as a child and young man when I had many problems, the problems of the poor in getting an education but rather because I feel that education is a sacred and basic right, a right of the individual.

But there is another side to this question: when Dr Lopez Michelsen speaks of "doctors," he purposely forgets that the Extension University which we are proposing refers to careers which the country will need on a priority basis. For

example, the 1,000 new engineers we will need from now to 1990 for the development of energy programs. I am talking about careers which will permit persons living in small towns and the victims of clientelism to leave those towns without being abandoned but rather with the hope that they are persons of worth who will receive intellectual training and great capability to face up to life.

The Lopist attitude is "it cannot be done." That is the same attitude held by those who said "it cannot be done" when 30 or so years ago, with educators such as the illustrious Prof Julio Cesar Garcia, we established night universities and they said "it cannot be done." They also said "it cannot be done" with respect to receiving a high school diploma through night school. That is the same philosophy held by those who think that education has to be for a few privileged individuals. We have been attacking precisely that philosophy. Because in our country to Colombians burdened with problems born of intolerable social injustice we have to provide an Open and Extension University for technical careers, in engineering, topography, paramedical careers, health careers. For example, soil laboratory technicians, computer programmers, metalworking technicians, engineering aides, experts in nutrition, specialists in rural health, technicians in sanitation projects, laboratory technicians in bacteriology, medical assistants, enterprise administrators, accountants, sales experts, information technicians, experts in the sciences of education, professors, teachers, mathematicians, all of which it is possible to attain through the Open and Extension University.

I hope that this talk has been interesting and has shown that indeed it can be done. And above all to show that it is indeed possible not as an exercise but because all that is needed to do it is there: the authority of the government is there. The intelligence of the Colombians is there. Our need to make a reality of social justice is there.

With solutions such as those I have proposed this evening, for housing, for education--I also would have liked to have done the same with regard to employment but I will do that next time--we can be certain that these things can be done. And that in this way we once again arrive at the great definition: peace is not liberal. Peace is not conservative. Peace is not communist. Peace has no master. Peace is national. Peace is called justice. Good evening.

Lopez: 'Coalition' with Conservatives

Bogota EL TIEMPO in Spanish 21 Apr 82 pp 1-A, 6-A

[Text of televised speech by Liberal Party presidential candidate, Alfonso Lopez Michelsen, 20 April]

Good evening, ladies and gentlemen, of the television audience.

During my last television appearance, I expressed my regret that these presentations were not in the form of a debate, a controversy, a polemic. That is because, in order to make a choice, the ordinary citizen must get to know the different points of view and, hopefully, get to know them when the two opponents are face-to-face on the television screen and not when one of them speaks by himself.

Such a wish on my part does not spring from a characteristic of my temperament, from a "disposition," as the conservative writers would put it, but rather from my concept of democracy. Democracy is by its very essence debate, ideological confrontation, confrontation of different points of view. Thus, since 1958 when I launched my political career, with a pamphlet which I published in Mexico, against alternation, I have always expressed the need for alternatives in the political arena.

I took part in the Constitutional Reform Commission, which was established following the fall of General Rojas Pinilla, as a delegate appointed by the Military Junta of the time. And I approved the principle of parity as a formula to guarantee the stability of employees in public positions.

However, later when the plebiscite had already been approved, alternation was introduced as a new phenomenon, I rigorously opposed it. With the argument--perhaps somewhat subtle--that parity permitted the election of presidents from one or another party and the presentation of policies by one or another party, without detriment to public positions, to put an end to making the national budget "election booty," at a time when alternation, disfigured by the coalitions, was returning to the same system of excluding members of the opposition, of punishing them by bureaucratic removal and of maintaining the same situation, without educating the Colombian people, to learn how to win and lose elections.

Now, with respect to Article 120, I will return to the same theme. I think it necessary to repeal Article 120 of the Constitution which basically was a secret stay of execution [prorroga] for the National Front, with its formula of "adequate and equitable" representation of the losing party beside the winning party in the configuration of the cabinet and the departmental governments.

Real democracy is debate; it is the existence of an alternative which is called the opposition vis-a-vis the government carrying out the program it offered the electorate. The rest of it is never to win, never to lose and to observe the appearance of different alternatives, in the jungle, such as rebels in arms.

If it is necessary to impose a solution in the search for peace, which I invoke with such insistence, it seems to me that it consists--as I said in 1958--in returning to civilized democracy in which there are losers and winners in ideological and programmatic matters, not losers and winners in bureaucratic matters.

That is the reason why, as some of you will recall, 14 months ago, when I was a member of the National Liberal Directorate, I wrote a letter to my colleagues, the Doctors Lleras, and said: we are studying the proposal on the administrative career system which we were asked to do by Dr Alvaro Gomez Hurtado; and we added to it a proposal on the management of television, which is a public asset, to ensure the impartiality of governments with respect to two instruments that can tip the political balance one way or the other: on the one hand, budget booty and on the other hand the use of television.

And I said in that letter, which was published recently; we must study the formula for an administrative career system so that those employees who are members of state administrative cadres are not unjustly fired because of the election victory of one party or another but rather, if they have attained their positions because of their merits or through competition, they will remain in them.



I also suggested the advisability of establishing an administrative entity similar to the one they have in England and in Germany to award television time, using strictly technical criteria, without regard to anything which might be described as political favoritism.

I still support that proposal. I am not insisting on the proposal which already failed during my administration of giving three small control-type [fiscalization] positions to the losing party, such as the Ministry of Government, the Comptrollership General of the Republic and the Office of the Attorney General of the Nation.

I am proposing something bigger and more ambitious: that we reach an agreement with the Conservative Party on the repeal of Article 120 of the Constitution which permanently requires a coalition of the two parties, the winning party and the losing party, in the government. I am proposing that we study the way in which, as in all other democracies in the world with which we are acquainted, there can be one party in government and another standing by ready to set itself up in government when popular opinion calls for it. However, in order to do this, we must have an administrative career system; and I am not refusing, on the contrary I am ready, to enter into talks on the stability of workers, of employees who are in the administrative career system. The present total is insignificant: it is not even 18 percent of all workers in the state service. That is to say, over 80 percent are waiting for a regulation, for a party agreement, for more dynamic and more flexible mechanisms so that there will be an administrative career system in which, as it is commonly put, just because one party is victorious does not mean that all the incumbents are fired.

However, as a precondition to the discussion of the administrative career system, I am at the same time advocating that television which shapes opinion and which is as dependent on the outcome of elections as is the administrative career system itself be placed in the hands of an independent administrative entity and that we repeal Article 120. Let us repeal it for the sake of peace, because the country is anxious for and awaiting a real national government. A real national government is not, as stated by the so-called "national candidate," an alliance of the Conservative Party with a series of small appendices, such as ANAPO [National Popular Alliance], the Christian Democratic Party and lukewarm liberals; but rather a real national government, a real national state, I would say, is a state in which the two alternatives can coexist; the government and the opposition.

What the so-called "national candidate" is proposing to us is to go back to "bedlam," a return to the system of putting everyone in government in order to call it a "national government," whereas, as I have stated on repeated occasions here and during all my public speeches in the last 20 years, what gives national character to a state is that different political opinions, different ideological concepts, different religions can coexist peacefully. And as for policy matters, they can alternate in the government, thanks to the popular vote, independently of one another.

What would be better for the Conservative Party, if hypothetically it were to be victorious, than the ability to impose its program, without having to form a cabinet which, in accordance with the concept of adequate and equitable, would

have to have a liberal majority? And conversely, what could be more significant for the Liberal Party after having acceded to power than implementation of its programs without the trouble of having to enter into deals, compromises of the kind which are impracticable in a bipartisan government?

Since I was the director or president of a "bridging government," I have often said that I encountered no obstacle between the ministers who were members of my government and the Conservative Party. However, as time goes by, when we are no longer in the bridging government, when on every street corner my liberal supporters are openly proclaiming the need for a government with liberal ideas, without excluding conservative employees, and I presume that there is similar feeling in the Conservative Party, without demonstrations of the same kind, but probably with acts of another sort in which the feeling of the conservative government is stated, my reply is: why do we not reach an agreement on the subjects to which I have been referring, an independent television, administrative career system and free play of the parties?

I include another question: why turn down the participation of conservative technicians? Let me bring a current problem into the discussion, namely housing construction and the problem of solutions to give housing to all Colombians and the fact that the Territorial Credit Institute was almost all the time in the hands of conservatives and in the case of my government in the very skilled and competent hands of Dr Pedro Javier Soto Sierra and Dr Jose Calderon Rivera.

When Dr Pedro Javier Soto Sierra came to tell me privately that he could not continue in my government because he was a Belisarist, at a time when there was break with part of the conservative sector under the leadership of Drs Pastrana and Ospina Perez or Ospina Perez' widow, I told him that his political opinions, since a technical position was involved, had nothing to do with the case and by means of public letters which we exchanged it became obvious that we were dealing with technical questions and we were not going to fire a person who was giving such valuable service to the government.

However, when there is a question of political orientation, a question of future budgets as regards the social sector or the health sector or education and employment with one political philosophy or the other, then I feel we should reach an agreement on defining once and for all which party is in the government and which party is in the opposition. And we should tell those who believe that the only solution is guerrilla action, to replace certain concepts in the government: come to the voting booths and you, as is being done by the communists and other parties of the extreme left, can avail yourself of the election route. It seems to me that this process cannot be frozen without serious detriment to Colombian political life.

Someone rightly said--and I quoted the remark 20 years ago--that no one can stop in the middle of a kiss or a revolution. Just as no one can stop in the middle of a kiss, we cannot wait an eternity hoping for reestablishment of real democracy by the government-opposition equation. Although we have already left the National Front and are going to depart from that stage of government with "adequate and equitable" representation, let us willingly develop a government in which each party imposes its program while the other keeps a check on it, criticizes it, shows that it is vigilant, in the interest of morale, good administration and efficiency of policies.

This distinction between the government and the opposition is all the more necessary when events themselves are carrying us toward a definition of this kind. It was said that there were no borders between parties and that was probably true in the days when the prevalence of economic doctrines such as those of Keynes or those of the New Deal found no contradictions on the world scene. But today, when everywhere parties tend to define themselves clearly, on the one hand these are the conservatives with what is called "the Chicago school," with Mrs Thatcher or Mr Reagan, or policies which from the economic standpoint are being developed in countries of the Southern Cone, such as Chile, and on the other hand there are we liberals who are increasingly inclined to defend state intervention, to combat the concentration of wealth, to seek equality for all citizens through interventionist policies that will permit employment and equality of opportunity, in the manner considered obsolete, of the 1930s; therefore, it is necessary for us to return to the government-opposition equation. Because if the conservatives win and conduct an experiment in which I do not believe and which I would criticize from the very beginning, namely reducing state intervention and criticizing it for being a giant or outsized state, as the Argentines put it, and converting it into a small state which allows industry to grow into private enterprise of larger dimensions, without adequate control, in our opinion. Or because if we who are already affiliated with Social Democracy are permitted to perform a development task in which private enterprise and state direction would participate equally, as provided by Article 32 of the Constitution, which was introduced by the liberal revolutionary movement in the 1968 Constitutional Reform debates. We have already established our positions. We do not believe that new effort can be put into public construction, education and housing without new taxes; while they do not believe that development can be stimulated without at least the partial absence of state intervention, as is being practiced at present.

I do not understand--and in this I wish to be frank--how increasing populist proposals can be made simultaneously with a promise to not increase taxes. This is the situation in which the president of the United States finds himself, having offered to increase defense spending and to decrease taxes. He has reached the point of not knowing whether to raise taxes or to reduce armaments.

In this country, fortunately, we are not taking part in an arms race of that kind; however, in other sectors I ask myself: how can populist promises be made while at the same time they say that taxes will not be raised but the tax collection system will be improved, as is already being done, with a 32-percent increase in the first quarter of this year? However, we are not making the promises being made by others. We say: it cannot be done, not because it cannot be done by increasing taxes but rather because it cannot be done with the simultaneous promise of keeping the same tax revenues.

These are promises which do not have economic backing, corresponding to the promise of keeping the same tax revenues.

I said in Puerto Berrio that jointly we can have very ambitious plans: I am ready to name a conservative minister of government from Antioquia, if we reach an agreement on radicalizing the process of decentralization. Not in vain Antioquia, since the era of the Sovereign States, I said in the Pedro J. Berrio message that since the colonial period it was a distinct province that wanted to preserve the singular characteristics of its organization and its political affiliation which, certainly during the period of the Sovereign States, got along very well with the Central State which was radical in nature.

If Antioquia wishes to continue that course, which I consider healthful, of radicalizing decentralization with proposals that many of those who have heard me know about, we can temporarily, as a measure so that congress and the public organizations will accept the decentralization process, reach an agreement by means of which an Antioquian minister of government will steer through the committees and congress the terms of a process of decentralization which will restore its vigor, after the 1886 Constitution which was already very centralist had in the last 100 years displayed major traits and characteristics of an eminently unitary and depressingly centralizing state, in spite of everything said to the effect that the decentralizing institutes have the purpose of decentralizing. Decentralization yes, with respect to the central government, but centralization and acutely so with regard to territorial sections.

I do not wish to say goodbye without telling you a somewhat lighter and more amusing story than this sermon.

Two French newspapers arrived in Bogota last week which reported the fact that in France, at least temporarily, education through the so-called open university, extension education, by means of radio and television, subjects to which I referred in my last speech, had been suspended.

Why was this program suspended in France, in a socialist government, in an anti-elitist government, in a government which was elected to favor the popular classes to the disadvantage of even the wealthiest classes?

The program was suspended because a survey had revealed that persons educated in the "extension university" made up 90 percent of the unemployed out of the 15 percent who have university degrees.

In a country such as France, where there are so many facilities for education and instruction, where space is much more reduced and communications better than in our territory, a halt has been called to "extension university" diplomas in view of their incidence among the unemployed. Right here I said that educational cycles of various university programs could be conducted through the "extension university," as something supplementary, as something complementary but that this would never replace the university as we who attended classes as students or professors knew it.

I should like these talks to continue, with proposals such as those I have just formulated tonight and those which I will formulate on other sectors of national life in the future.

I want to thank you for your patience and I wish you a very good evening.

#### Galan 'New Colombia' Proposals

Bogota EL TIEMPO in Spanish 22 Apr 82 pp 1-A, 8-B

[Text of televised speech by "New Liberalism" presidential candidate, Luis Carlos Galan, 21 April]

As I announced 9 days ago---when for the first time I had the opportunity to speak to the nation to present my ideas as a candidate for the presidency of the



republic--today and during my next two speeches, I propose to explain to the Colombians the content of the program of government which I propose to implement if the nation supports me in the 30 May elections and makes me the next president of the republic.

Basically, what we are proposing is the construction of a New Colombia. That is, a Colombia in which we, the leading characters in national life, the different generations which today are active in the life of the country, will be able to resolve the fundamental problems that are the major obstacles to the country's development and transformation; and all of its inhabitants will have the real guarantee of satisfaction with their basic rights.

To propose a New Colombia does not mean to disavow the efforts of the preceding generations. I understand that every generation begins its activity--its efforts in the management of the state and the collective realities--on the basis of the actions of the preceding generations; their successes and their failures. We inherit a material and spiritual heritage, that is, resources, institutions and factors. But an entire new generation is obliged, in its circumstances, in its time and with its personnel to give new answers to the country's problems. At times because these problems change; at times also because the old problems have not been resolved and demand different strategies and innovative management of the resources within reach of the country to overcome the obstacles and to resolve the problems of society.

Within this context, for us there are four major renovation scenarios on the basis of which the New Colombia should be built. In the first place, there is the political renovation which I mentioned 9 days ago, that is, the importance to the country of having effective, honest and real institutions in which the Colombian people feel they are represented both in the selection of their rulers and in the definition of the political lines to be applied in the respective administrations. Institutions in which the opposition that respects the Constitution and the laws will have real guarantees for the presentation of their viewpoints and inspection of the government; a political organization in which there is freedom of information, free and honest elections, in short, the authentic expression of the aspirations of the people within the different institutional organizations. However, to political renovation we must add social and economic renovation and a fourth category which we could call renovation of Colombia's international role. I believe the combination of those four renovations will permit us to construct what we call the New Colombia.

On this occasion, I am going to discuss the elements and factors of social renovation. In the next two speeches, naturally I will analyze the other two aspects of renovation we have proposed to the country.

In order to speak of social renovation, we must cover several topics, topics which have different priorities. It is important in the transformation of the country to keep in mind the satisfaction of the basic needs which condition the survival of our people, of every human being and every family. We must promote education. It is necessary to speak about the rights of women and their advancement. It is necessary to also speak about our senior citizens, their recreation and their right to take part in community decisions. However, not all these topics have the same urgency. Since they are all important, of necessity we must select priorities and assure them of the best efforts of the government in the management of available resources.

What are the priority points? The right to food, the right to health, the right to housing and the right to education. So long as these four primary rights are not assured to all the country's inhabitants, we will have an unjust or backward social organization. In a government such as the one I am proposing to the Colombian people--in which the first concern will be respect for the human being--it is necessary to recognize the importance of these four rights, which I am emphasizing, above any other kind of state action. It is not a matter of ignoring other sectors of state action but rather of selecting the number one sector. I am speaking, then, of the fundamental needs of survival.

First of all is the right to food. Why? Because at this time there is a serious problem in Colombia which affects very high percentages of the national population. According to figures of the current government, 62 percent of the children under 5 years of age have malnutrition problems. That means at present 2.5 million children under the age of 5 are suffering the impact of malnutrition. And of those 2.5 million, 500,000 are suffering from serious malnutrition. That is, their conditions of undernourishment or hunger are of such magnitude that their physical growth is seriously affected by that factor, and their intellectual and mental development is in danger of being abnormal as the result of such deficiency. The problem of nutrition shows us that Colombia is a rather backward Latin American country. The nutritional averages per capita in the rest of Latin America are higher than our own. We do not occupy the position called for by our size and our resources; rather, we are somewhat further back. There are defects within the country's food supplies system. There are defects in nutritional education, but the question was not given the attention it required by the last few governments. Although I am not going to deny--far from it--the efforts exerted by the PAN program, I think this kind of effort is not adequate and will not permit us to really resolve the problem. It is necessary to give this matter the priority it deserves among state activities to meet the primary needs this represents for the populace. I believe the country needs a major national nutritional program. Not with a view to isolated or partial solutions or experimental programs but rather to resolutely face up to this matter. To do this, different strategies are required. In the first place, there is a need for the institutional reorganization of the instruments the state has to handle the problem of nutrition and the feeding of Colombians. We must create an organization directly subordinate to the president of the republic whose responsibility would be to run a major program to resolve this problem. An organization with real authority to coordinate the different state institutions which for one reason or another are influential in the supply and distribution of food or in other matters related to a policy of modernization of the nutrition of Colombians. I think we need a national milk supply program: a resolute, bold program to increase the country's milk production. This question should no longer be handled on the basis of petty political considerations--at times demagogic in nature and at other times superficial and improvised--but rather the necessary support should be given to those who work in this sector to really meet the country's needs for milk, including the production of surpluses for export, with exploitation of the advantages of Colombian livestock development and account taken of the possibilities of transforming milk production in general.

In a related matter, I think that school restaurants should be set up in a general massive way so that no child in elementary school will be without the security of a special allowance, with a daily supply or ration of milk. I am not

describing anything new. I am simply indicating a priority and emphasizing a procedure for facing up to the country's nutritional problem but above all the policy decision to act on this matter and to inform all the state instrumentalities of the importance of this subject.

In the second place, we Colombians have a health problem. A question with many aspects which vary according to age, regional factors, the kinds of diseases and budgets. All of this is very important; however, within the context of the country's health, there are certain priorities which should be stressed. I think that so long as we do not resolve the problem of potable water, any effort Colombia makes in the application of more resources for its national health system--economic, human and material resources--will be wasted effort, or in large measure wasted effort, because the lack of potable water has an impact on the country's most frequent diseases and is one of the most important causes of death in the entire national populace. At present, in Colombia we have the problem of a shortfall in the development of aqueducts and water purification processes. Cities such as Sincelejo, Monteria, Santa Maria, Barranquilla, Cartagena, Riohacha, Valledupar, Tunja, Villavicencio, Barrancabermeja, Leticia and San Andres--and I cite only a few examples--lack adequate potable water services. Let me note that I have referred to cities which for the most part are capitals of departments. However, if we take a look at the rest of Colombia's medium-size municipalities, which vary from 20,000 to 50,000 persons, we find that the shortfall is critical and that this is one of the major health problems of Colombians which also calls for priorities in public investment. Efforts have been made. Yes. However, always without recognizing the real urgency of the problem and without giving public spending the necessary priority to resolve the problems in this sector. There are towns in which the urgency is even more dramatic, as occurs in most of the province of Tequendama, here in the outskirts of Bogota. That is, in Tocaima and the municipalities which draw their water in one way or another from the Bogota River or from similar sources, where the situation is now of such seriousness that the shortage of potable water and the use of contaminated water has caused the birth of deformed babies and things of that nature. I mention all this to indicate the difference which has existed in the recognition of this problem and the meaning it has in the strategy of a real health policy for Colombians.

In addition to the potable water efforts, we have those being put forth in the nutrition sector and those which are being exerted with respect to vaccination. All these efforts would provide a total restatement of the Colombian people's health problem. Of course, in addition to these programs, greater budgetary support must be given to the national health program; greater support for the country's hospitals, greater support, not only in the economic sector but also in the scientific development of those institutions and the working conditions of persons employed there. However, I emphasize that the Colombian people must recognize certain priorities, point them out to their rulers and call upon them to concern themselves with the matters I have been stressing.

In another connection, in addition to the problems of nutrition and health we have the problem of housing. Obviously this is one of the most serious problems the country has. It is so serious, for example, that at the beginning of Dr Lopez Michelsen's administration in 1974 about 30 salaries on the average



were required for the purchase of a house. Today about 60 salaries are needed. What happened to housing policies in those 8 years and to other economic and social factors which resulted chilling hopes and dampening the possibility of resolving this basic problem? I think the real importance of this problem also has not been recognized by the last few governments. The drama of popular housing acquired immense, gigantic proportions because of the great migration to the cities, population growth and the need of the Colombian people, naturally, to improve their housing. However, there were no timely answers in the state. The last few governments committed the mistake of improvising measures--quite often to maintain appearances, to present statistical figures of greater or lesser significance, at times with artificial comparisons of these figures with very long periods corresponding to another situation of the country--20 or 30 years ago--without preparing real programs in proportion to the new magnitude of the shortfall in quantity and quality of housing. At this time, the question is not only one of money or the availability of construction materials. A large number of factors impact upon the resolution of the housing problem. However, one of them, urban land, is critical because it represents the major factor in the rise in housing prices. And there has been no answer to this because the appreciation of land--due to the development of the cities or inflationary factors which have been present during those years--did not bring an adequate response from those governments.

I belong to a group of parliamentarians which in 1978 presented an urban reform program in Congress. We did not feel infallible with respect to the solutions proposed there, far from it. However, we wanted to obtain a government answer to the subject; but the government evaded the issue. The fact of the matter is that confronting urban reform means intervening resolutely on behalf of the middle and lower classes of the country. It means running risks, wounding special interests, affecting the privileges of capital and wealth obtained through speculation on urban land. We have proposed since then--and did so emphatically last year--that work be done on the idea suggested by very respected experts, particularly in Medellin, of establishing land banks, that is, the state should intervene in the urban land sector to prevent speculation with the price of same. That is because so long as the price of urban land continues to rise in the way it has, it will still be difficult to resolve the problem of housing.

In equal manner, it is necessary to link this matter with the strategies associated with the development of public services. That is, with the formation of public service enterprises in our municipalities: enterprises which are dynamic and seriously programmed, which do not have bureaucracies, are not the objects of clientelist traffic, errors and abuses that naturally are passed on to consumers, because consumers are the ones who pay the excessive costs of the bureaucracies in such institutions--aqueduct, energy, telephone enterprises--common and ordinary citizens whose rates are raised in part to compensate for mistakes, neglect and administrative misdeeds.

All these things come into play in the housing problem. All these things have an important influence and must be faced up to and recognized responsibility. What the Colombian people are seeing these days is a debate between two presidential candidates--both of them bureaucrats [oficialistas]--in which one is proposing fantastic utopian solutions and the other is saying he is impotent to face up



to the problem or feels that the capacity of official institutions is brimming over, something that is hardly obvious; however, he did not have--in his government or now--answers proportional to the magnitude of the matter.

Accompanying this we have the subject of education which is very broad and extensive and with respect to which I also wish to underscore the basic points. We are proposing that the country establish as a real national purpose--I am not saying this during the course of one government but as a real effort by the country to be undertaken beginning with the next administration--the goal of 9 years of basic, free and compulsory education for all its inhabitants. I proposed this in 1971 when I was Minister of Education and I continue to be convinced of the urgency of a national purpose of this kind. Because we cannot organize a just society with minimal equality and balance in a country where above all inequalities are being produced that are accentuated by a discriminatory and elitist educational system in which some Colombians can complete 10, 15 or 20 years of studies while others can only complete 2 or 3. If there are fellow countrymen who can study for 15, 20 or 30 years--something that is all the more possible within the context of the new concepts of permanent education in which the traditional time frames of schooling have already been surpassed--that is fine and good. However, what is urgent and a matter of priority, what should be done by a progressive government which is really concerned about the rights of all the country's inhabitants, is to concentrate its energies on 9 years of basic, free and compulsory education. There are countries in the world which are already working on the goal of over 14 years, an average of 16 years of schooling for their inhabitants and we at this time--if everything goes well--are barely approaching average schooling in urban regions of 5 and 6 years. In the rural regions, there is an immense shortfall, a gigantic injustice. I also denounced this situation when I was Minister of Education and proposed solutions such as the program which at the time was called "Rural Development Settlements" in which we sought to convert the rural school into a scenario of multiple services of interest to the peasant, in which along with the educational solution we presented the health solution, the organization of the community and other services, such as the extension of agriculture, cooperatives, etc. That program was abandoned or left half done at best. I believe in that program. At that time an effort was made or organize about 60 settlements throughout the country to introduce the system and to take advantage of the experiences of the rural school nucleuses. It is my understanding that no more than 35 were established; however, where there are Rural Development Settlements the peasant education situation has changed; and a possibility for real balance in educational opportunities for the peasants of such districts or settlements in relation to the inhabitants of rural regions, was initiated.

I think what is important in all this is to recognize priorities. It is fundamental to accept the fact that the first step toward a real social policy in Colombia is to assure equality of opportunity in life for all Colombians. There is a figure of speech which is used quite often to explain this; and it seems pertinent for me to repeat it tonight to you. If we compare life with a 1,000 meter race in such a way that a worthy life in which the basic necessities of all persons are satisfied would be the equivalent of running 1,000 meters, it would be important for all Colombians, 28 million of us, to depart from the same point in this race. Those who because of their merits, creative capabilities, responsibility and effort can run 3,000 or 5,000 meters should do so.

However, all of us should be able to run 1,000 meters and not as today when there are Colombians who only run a few meters, some run 800 meters and others who start the course 200 meters behind, while many are never permitted to take part in the race. Of what does equality of opportunity consist? In taking part in this race it means taking off from the same point. And that egalitarian point is assured by nutrition, health, housing and education. There can be no serious talk of policy in Colombia so long as the importance of these subjects is not recognized. The Saboya railway mentioned by Dr Lopez Michelsen is clearly important; obviously it is; the Cartagena Convention Palace is also important; we are not going to say it is something superfluous. However, the question a progressive government has to answer is what comes first. I believe the human being is first. The survival of each of the inhabitants of Colombia is first. Their right to have a dignified and just life and a state which is organized with scarce resources--yes, they are scarce--but administered within the context of that idea of priorities that should be applied first to the solution of all those vital problems.

In the upcoming speeches I will have an opportunity to analyze other topics. To analyze the economic renovation of Colombia, the international policy of the country and to specify what resources are available to provide the answer to these expectations and needs. What I wish to emphasize very clearly tonight to the people is that if I am president of Colombia beginning 7 August, I will have this social renovation in mind as a priority point, based on those topics which I have described: to fight to eliminate hunger from Colombia, wipe out malnutrition, eliminate the unhealthiness and health problems suffered by our people simply for lack of potable water throughout much of Colombian territory. To fight for popular housing, for the extension of it and the organization of government resources and strategies which will provide an answer to that problem on the basis of social justice and equality of opportunities. And to fight for the democratization of education within the context of the idea of seeking 9 years of schooling as a minimum for every Colombian and to try to give the Colombian peasants a real change in their opportunities for apprenticeship and training.

We will have to talk of more things. Clearly that is so. However, these topics come first. A thousand thanks and good night.

#### Molina Charges 'Political Fiction'

Bogota EL TIEMPO in Spanish 23 Apr 82 pp 1-A, 6-A

[Text of televised speech by Democratic Front presidential candidate, Gerardo Molina, 22 April]

Ladies and gentlemen, I am not going to take the time to cajole you or to make promises. I prefer that we use this time to take a look at some of the problems troubling us and to seek solutions to them, rather than indulge in self-pity.

Let us talk about our so-called democracy first.

On the occasion of the 14 March elections, many persons, some well-known and others less well-known, said that by means of those elections Colombia had re-validated its title of exemplary democracy in America. Could that be true? Although we are part of a continent which politically, economically and socially is a sick continent, I find this view exaggerated. Let us look at the problem from two sides.

The Civil Registry reports that there are 14.8 million ID cards in the country. Let us suppose that 800,000 are held by missing persons. How many of the remaining 14 million vote? Maybe 10 million, maybe 8 million? No. Only 5.5 million. That is what was reflected by the results of the 14 March elections, which indicates that the legislative chambers constituted on that occasion were formed by 39 percent of the electoral potential, in spite of the fact that those legislative chambers continue to believe that they express the general will of the people. And if we move on from there to the president, we find that President Turbay Ayala was elected by 17 percent of the population eligible to vote. And if we take a look at the upcoming elections on 30 May, we will see that the president-elect will have been elected by something on the order of 2.5 million voters, that is, 18 percent of the voting population.

Here we run into a very serious problem. It has always been said that democracy is the government of the majorities. Aristotle observed that democracy is the government of the poor, that is, the government of the greatest numbers. However, in 1964 a great change took place in Colombia. Up to that year, the majorities were active. But that year, with the appearance of the abstinence phenomenon, which is continuing, it was seen that what was coming into play was simply the minorities. Then an act of legerdemain was performed, after which the majorities concept became the minorities concept; therefore, rightfully there is talk of a restricted democracy. That is what we have. That means our political organization is based on an immense fiction: the fiction that the minorities have the right to act in representation of the majorities. However, the problem is knowing how long this fiction is going to prevail. I want to tell you about my very deep concern that this fiction soon will be destroyed by a reactionary coup.

The question we should ask ourselves is what is going to be the future of our political democracy. The crisis of the parties of which there is talk has a lot to do with this. Parties made their appearance in history for the purpose of channeling major currents of opinion to place them at the service of the government that was set up through the action of the majorities or for the purpose of orienting those currents toward the opposition, on a case basis. However, in these days of restricted democracy, what is the role of the parties and what forces are channeling them? Because of this, I feel that to be able to resolve this impasse of participative and representative democracy we will have to organize new political alignments to make up really vigorous forces with the capability of resolving the problems affecting the majorities. The decadent and tired parties we have today are no longer capable of meeting the needs of the broadest sectors of the population, and that is the crisis of the parties.

However, we also have to concern ourselves with the existence of another factor. Democracy is not only quantitative. It also requires that participating citizens have the capability of casting a few and sincere vote. Is the vote among



us free and sincere? I think not. Because of the affect of the backwardness and poverty in which we find ourselves--for example, the ECLA [Economic Commission for Latin America] in a well-known study has said that 50 percent of Colombian homes are below the absolute poverty level. Is it feasible that in such conditions of privation the Colombian citizen will be capable of choosing among the different options presented to him? Among all the forms of government which have been conceived, democracy is the most demanding. It demands above all citizens who are capable of self-determination, who can orient themselves in that jungle of different political alternatives. Is the Colombian citizen in such a position. I think not.

And here is where the tremendous responsibility of the country's ruling classes makes its appearance. In 160 years of independence they have been incapable of meeting all the demands made by the populace so that it could take part in public affairs in a sustained manner. What we can say, therefore, is that governments constituted in this way by decision of a minority are very weak. And for the very reason that they are weak, they are in no position to control the major economic and financial groups which have taken possession of the levers of command. For the very reason that they are weak, they have to resort to a state of siege which, as is known, is a system in which the prerogatives of the president are greatly increased, with a proportional decrease in those rights and freedoms that are used to exteriorize nonconformity and protest, as happens to the right to assemble, the right to demonstrate and freedom of speech. And for the very reason they are weak, those governments must increasingly make concessions to the military apparatus to which they have delegated the solution, nothing less than the maintenance of public order, including the maintenance of the administration of justice applied to civilians. And for the very reason they are weak, those governments are incapable of imposing nor availing themselves of an autonomous foreign policy and, therefore, rotate in the orbit of the great powers which have assumed the role of leaders of the bloc to which we belong.

There have been governments with popular backing in this century. The first of these was Lopez Pumarejo's government, as was the government of Eduardo Santos. The fact of the matter is that they felt they were supported by a mighty popular flood and for that reason gave impetus to important reforms and only by exception and in a discreet way and for a very brief time did they resort to a state of siege.

The present crisis of the parties has a lot to do with this restricted democracy. Their role in history has been to serve as a channel of expression for the major currents which support a government or move over to strengthen the opposition.

However, in these days of restricted democracy, who can channel and to what currents of opinion can they give an adequate channel? This means that if we want democracy to persist in Colombia we have to resort to the creation of new political alignments which assemble all those persons who really profess a specific position with respect to social problems. On the other hand, today we are seeing that because of tradition such persons even when they have the same ideas are entrenched in different political camps.



I am convinced that we need to make a major effort to restore democracy in Colombia.

What is happening, and this is another aspect of democracy regarding freedom and spontaneity of voting, is something that should fill us with infinite concern. The political class which is ruling us has resorted to the grimmest systems to manipulate voting. A political election organization which does not have a considerable sum set aside in many parts of the country for the buying and selling of votes is now rare, in spite of the fact that such practices are crimes. We know, for example, that in many regions of the country until recently votes were selling for 500 pesos. Today, perhaps because of devaluation, a vote sells for 2,000 pesos. And a researcher from the University of Cartagena, Dr Bustillo Villalba, recently reported that many political bosses, after securing a position for one of their followers, demand that on election day he account for a specific number of votes. Those who fail to do so are in danger of losing their respective jobs. We also know there are politicians running for office who contribute from their private funds a sum of 40 million and even 60 million pesos to get the position they want. You will say that it is madness to invest that much money in political activities. No. It is not madness because the elected officials take advantage of their acquired positions to seriously influence the political future through mayors, governors and ministers. What is more they get back the money invested in the form of contracts, because those people make use of personal intervention to obtain contracts in the public administration. And what is there to say about the 2 billion pesos approved annually in the budget which are earmarked for the so-called parliamentary allowances? What are these allowances used for and who controls their distribution? I fear that a large part of those considerable sums are used on election day in the vote-getting process.

For that reason, we can say that the problems affecting our democracy today are very serious, beginning with a structural problem. This shady vote-getting process is related directly to the question of the distressful situation in which great legions of Colombians find themselves in. As I have said, the ECLA has shown in a recent study the degree of absolute poverty of 50 percent of the population. Can these people in such an impoverished situation freely and spontaneously exercise the right to vote? No. Those people dominated by poverty find no problem whatever in adding up the figures: if the family consists of eight persons, by selling their votes they can receive a sum of money which will allow them to live for 1 or 2 weeks.

Therefore, all this means that if we wish to really have participative and representative democracy in Colombia we must create a great renovation movement which has among its priority objectives the resolution of this great problem of poverty, as otherwise we cannot think there will be a democracy. Hunger and malnutrition affect people in such a way as to confuse their thinking and blunt their participative and critical reflexes in such a way that these individuals cannot be proper citizens. We know that hunger is not revolutionary. If it were, a revolution would have broken out in Colombia a long time ago. The truth is, then, that on the basis of deficient citizens we will be unable to continue functioning, if we wish to earn the title of democracy.

And as a final note to what I have just said, I can tell you that the democracy which we extol is not in the past or the present because those forms of democracy at times were democracies without the people and on other occasions against the people. On the other hand, the democracy which we must build--with reason we must say that democracy is in the future--must be a democracy with the people and really, as in the well-known saying, a democracy for the people.

If there is no democracy in the political sector, what can we say about the economic and social sectors? And with this I come to the last part of this chat, to the social question.

Rarely has the first of May found the working classes of the country in worse conditions than the one which is now convulsing them. The offensive of the employer classes against real wages and against all the victories of the working classes is brutal. An offensive against collective bargaining rights, trade unionism and the right to strike. And for that reason the employer class is resorting to counteroffers which is one way of neutralizing the demands presented by the wage earners. Those employer classes are the same ones that resorted to the closing down of enterprises to bring about massive layoffs; they are the same ones which have recourse to the system of contracts in which there is no room for collective bargaining. And those are the same classes which resort to bankruptcies, whether real or fictitious. In turn, the government is cooperating with that modus operandi through the facile system of declaring strikes or work stoppages illegal. Or by stretching out negotiations or imposing, as we are now seeing, mandatory arbitration tribunals.

However, a new form of persecuting the working classes has sprung up: terrorism. Now, thanks to these paramilitary bands that have arisen, we have seen many labor leaders physically eliminated, others kidnapped and the rest subjected to terrible threats.

Therefore, I can say that this first of May finds the working classes battling not only for their traditional objectives but also in defense of their rights to life and security.

The unemployment problem is terrible. We know that it is affecting something on the order of 10 percent of the employable population. In the face of this circumstance, I do not hesitate to say that the moment has come to set up an assistance program for the unemployed. Today in the country there are many subsidy programs to keep specific enterprises afloat, such as transport and export enterprises. Has not the moment arrived to think of something more vital, such as the establishment of an allowance for unemployed persons? And what are we to think about the unemployment of those immense legions of people who do part-time work in construction, repairs, cigarette sales in the streets, ready-made clothing, soft drinks? For the monopolistic groups, it is a good deal to hire this class of workers whom they do not have to pay minimum wages or benefits and do not have to join the social security system. The conversion of those sectors into real workers by means of an effective plan of industrialization and rational utilization of all the immense sums which are being created today by savings is a task that cannot be refused.

Ladies and gentlemen, I thank you for your attention and wish to tell you that we are at a moment of double crisis: a political crisis because of restricted democracy and an economic crisis which denies to enormous sectors of the population the right to enjoy the fruits of their labor and the possibility of taking part more effectively in the management of enterprise.

Good evening.

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STEPS TO BE TAKEN AGAINST TAX EVADERS

Bogota EL TIEMPO in Spanish 19 Apr 82 p 2-A

[Article by Fernando Barrero Ch.]

[Text] The National Tax Department has approved a complex of measures to "reduce tax evasion" and it has warned delinquent taxpayers that it will go as far as seizure if they do not settle their debts to the treasury.

Also, it approved "drastic changes" in its internal auditing system, the administration of which will in the future be directed toward activities leading to "greater effective collection."

Henceforth, cross-checks on information provided by taxpayers on their statements of income and sales will be "substantially increased," to check on whether both income and expenditures are accurate.

To date, according to those knowledgeable in the matter, only the data on some 20 percent of the income tax statements, of which there should be about 4 million, but of which only about 50 percent are being submitted, have been checked.

For this reason the majority of the statements and the data provided to the tax administration go unchallenged, since there is not time to review them all.

The administration also approved prosecution of individuals who have not filed statements, which will be abandoned when they have done so.

The "package" of decisions was approved by the 29 tax administrators, who met in Santa Marta at a meeting coordinated by the director general, Alba Lucia Orozco de Triana, and the 5 deputy directors.

Mrs de Triana said yesterday that in addition to these administrative measures, agreement was reached on a plan to provide special and courteous treatment of taxpayers and to speed up rebates of tax overpayments as much as possible. "We will develop the concept that we are a responsible and serious administration, always ready to talk with taxpayers and to resolve their problems," this official said.



Tax experts have indicated that the chaos in the tax administration, added to the high tax rate, which in turn led to tax evasion, are the main reasons for the deficit in government finances, the extent of which is not even known.

Minister of Finance Eduardo Wiesner Duran himself estimated the deficit at 50 billion pesos a year ago. Groups such as the National Association of Financial Institutions (ANIF) gave an estimate in that same era of about 90 billion.

More recently, Gabriel Rosas, dean of economics at the Universidad Javeriana [Xavier University], said that the fiscal deficit is dictated by four main factors: 1. the chaos in the tax administration; 2. the tax level; 3. the efficiency of expenditures seen from the point of view of budget drafting and control; and 4. the real capacity of the departmental and municipal administrations.

Where the administrative aspect is concerned, a draft law was even sent to congress calling for conversion of the present tax office into a special unit, but that proposal was not even taken up.

On this subject, Mrs Orozco de Triana announced that the National Advisory Center will begin operation in Bogota in the next few months, while the regional administrations will establish offices for the guidance of taxpayers to resolve citizens' concerns.

She announced that plans will also be drafted for educating taxpayers, and from the specific administrative point of view, full use will be made of computers, which will establish financial and profitability indices for taxpayers.

"In addition, we will direct tax collection toward a more basic form, and in this connection, there will be total reorientation of internal auditing activities, with greater collections as the goal," this official commented.

She acknowledged that "the most intimate aspects of the functioning" of the administration are being reviewed, and she said that in accordance with this review, it is necessary "to adapt our action to approaches enabling us to reach the taxpayer efficiently."

In explaining the plan of persuasive collection, by means of which some 4 billion pesos out of an estimated total of 10 billion were collected in 1980, this official said that this will be continued through the letter system, but "if they are not heeded, we will go as far as seizure."

On the subject of rebates, she said that the goal is to complete these within a period of no more than 30 days, to which end 22 previously required steps have been eliminated.

This official also announced that the taxes collected in the first quarter of 1982 showed a 40 percent increase over the comparable period last year.

This figure pertains solely to the income category providing a most direct link with wage earners, who are granted a discount on withholdings at the source, which are nothing other than prepayment of their taxes.

## FINANCIAL EXPERT SEES GOOD IN REAGAN PLAN

Bogota EL SIGLO in Spanish 20 Apr 82 p 13

[Text] In the view of the National Association of Financial Institutions (ANIF), the current crisis in the Caribbean and the announced expansion of Colombian foreign trade in this region constitute a step taken to overcome the traditional isolation, so that Colombia can finally open its door to greater and more effective world relations.

Pedro Javier Soto Sierra, in his last editorial published in CARTA FINANCIERA, that organization's publication, analyzed the effects on the national economy the Reagan plan for aid to the Caribbean will have, setting forth the need for both public and private sectors to participate in subsequent meetings with the United States in order to reach bilateral agreements.

"We cannot allow major factors in our economy and our business growth to be damaged overnight by a foreign political development without a struggle, such as any other people would wage, to minimize or eliminate entirely its negative effects," the president of the ANIF stated.

Analyzing the fair reaction of the unions, which initially believed themselves to be threatened by the U.S. plan, Soto Sierra concluded that not only the negative, but also the positive aspects, should be considered.

According to this financial leader, once the monetary and technical aid of the United States to Central America and the Caribbean is being fully implemented, it will certainly improve their levels of production and purchasing power will increase, thus opening up a great market for Colombian production and services.

"With broad markets," he added, "Colombia will be able to compete with other countries in various sectors (raw materials, foodstuffs, intermediary goods, services), relying on the relative advantage of geographic proximity in some cases, and cultural similarities in others. Colombia can on its own behalf undertake an active policy of bilateral trade agreements with the various nations in the area, for the basic purpose of achieving such additional advantages as can be obtained for our production."

Soto Sierra sensibly noted that the Reagan plan, like the policy announced by the Colombian Government through Minister of Economic Development Gabriel Melo Guevara, will in the long run also allow Colombia to emerge triumphant as a result of the aid and recovery programs for the presently convulsed Central American region.

Following the formulation of the Reagan plan and the subsequent invitation to Colombia to join with the United States, Canada, Mexico and Venezuela as a partner in the "Nassau Group," conflicting opinions have emerged concerning the plans for financial and technical aid offered to the Caribbean by our country.

The national government says that the extent of its participation in the Central American Aid Fund will increase, while individual credit lines to each country in this region will be expanded. This has been interpreted erroneously by some leaders who have not taken the medium- and long-term benefits which will offset the initial expenditures and investments into account.

The key aspects in the statement by the president of the ANIF were the following:

"The first possibility has to do with the growth of the markets of the countries in the area, to the extent that the income and the purchasing power of their inhabitants increase. With broad markets, Colombia will be able to compete with other countries in various sectors (raw materials, foodstuffs, intermediary goods, services), relying on the relative advantage of geographic proximity, in some cases, and cultural similarities, in others. Colombia can on its own behalf undertake an active policy of bilateral trade agreements with the various nations in the area, for the basic purpose of achieving such additional advantages as can be obtained for our production.

"But there is another factor which may prove decisive for Colombian economic development and the well-being of our people. If Mr Reagan's policy is successful and it is possible to stabilize the zone, using a minimum of warlike force to halt the advance [word or words missing from original text here] of the great winners. Colombia is already suffering from the onslaught of internationally inspired guerrilla forces. It would be naive to think that the guerrilla effort will not increase in the years to come, unless the foreign aspect of Cuban influence is offset and a substantial improvement in the standard of living of our population is achieved. These are concomitant and complementary conditions. The first would reduce the likelihood that our country will find itself forced to enter into the armaments race, as well as the need to increase the standing strength of the army and domestic defense expenditures. In both cases, the success of the program for the Caribbean basin would mean more resources available to benefit our people, within an atmosphere of peace. Also, it would facilitate the creation of suitable political conditions for the more rapid development of our production for domestic and foreign use in all sectors."

#### A National Challenge

"The considerations we have set forth pose a great challenge for the Colombian nation. To meet it satisfactorily, boldness and unity are needed. The government and the private sector must, as the saying goes, show their teeth on the

international level to avoid being excluded from the Caribbean area. Without a doubt our political parties will find reasons, at this crossroads, to expand their programs and interest the Colombian people in the study of international problems. And Colombian businessmen, with proper state support, can find in Central America and the Caribbean an excellent field, of a size adapted to our current potential, for testing, learning and perfecting the techniques of production, transportation and marketing which may later prove crucial in competition for the U.S. and European markets.

"In conclusion, we want to voice our impression that in connection with the crisis in the Caribbean, Colombia is beginning to overcome its traditional isolationism. It is possible that this will finally prove to be the opening door through which our country can move closer to the rest of the world."

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CSO: 3010/1500



## COTTON EXPORTS SAID TO HAVE CEASED

## Imports May Be Necessary

Bogota EL TIEMPO in Spanish 19 Apr 81 pp 1-A, 6-A

[Excerpt] The cotton crisis from which farmers have been suffering for 5 years has finally reached its nadir, because Colombia has ceased to export this fiber and will very probably find itself obliged to import it this very year to meet the requirements of the domestic textile industry.

This statement was made by the union leaders of the two most important cotton growers associations, the CONALGODON [Colombian Cotton Confederation] and the FEDERALGODON, just hours before the holding of a meeting today, Monday, for the purpose of adopting a resolution as to whether or not to plant this year, in view of the difficulties experienced for some time now.

Until a short time ago, cotton cultivation was the most profitable farming activity, while at the same time being that which generated the most employment in the various regions suited to the crop. In 1977, a total of 300,000 hectares was reached, while the total today does not even come to 70,000. Exports reached \$120 million, whereas now, in constant terms, the total does not exceed \$45 million.

The international markets were supplied for 23 years by fiber of universally acknowledged quality, despite the fact that approximately 84 countries in the world, including the United States, the Soviet Union, Israel and Uganda, competed with the Colombian fiber for customers.

A CONALGODON document says that the crisis in this sector parallels the rapid growth seen in this activity, with a very weak structure. Machinery, fertilizers and insecticides on which the customs duties are high are used, and domestic inflation is increasing. To this must be added the innumerable plant health problems encountered in the 1977-78 cost-target harvest and the often low levels of international prices.

The lack of consistent policies in the domestic farm sector has been reflected in the difficulties experienced by the cotton union, for example the lack of research for the purpose of finding varieties resistant to the various diseases, the drop in the devaluation rate and the lack of a cotton fund for use at critical times have had their effect on the gradual weakening of a union which once enjoyed bonanza times.

The repeated crises facing cotton growers since 1978, when because of climatic factors, rainfall and plant disease the state refinanced half the crop, have become more acute with the passage of years due to low international prices, lack of liquidity, lack of support price, lack of credit and lack of flexible marketing mechanisms.

The unions in the various producer zones decided to return the cotton gins to the government, and they established the Farm Market Institute to take charge of the management of the machinery. These production facilities had been provided by the state to the various bodies on a rental basis, but they could not manage the cost because of the difficulties mentioned.

On a number of occasions the farmers in the various producer zones have made known their desire to abandon planting because of the lack of guarantees and incentives to make the investment profitable. Some peasants from Tolima even set forth the reasons forcing them to abandon this activity in messages addressed to Minister of Agriculture Luis Fernando Londono.

The general meeting of the Atlantic Coast Cotton Corporation was one of the first to warn of the danger that the country will cease to export cotton fibers this year "because our situation is irretrievable."

This year the cotton growers suffered a relatively poor beginning for their activities, because there has been a serious disagreement with the textile sector--also experiencing a serious crisis--since January about the purchase of domestic fiber at the official price established by the government.

The cotton crisis is such unprecedented proportions that, according to a CONALCODON official, only 10,000 hectares were planted for the harvest in the interior, while 6 years ago the total came to 70,000. It is this region which supplies the textile industry, while the growers on the coast, who raise cotton for export, will decide at the meeting this Monday if "we dare to plant."

#### Emergency Steps Urged

Bogota EL TIEMPO in Spanish 21 Apr 82 pp 1-A, 2-B

[Article by Jorge A. Sanchez-Vargas: "Final Cotton SOS to the Government"]

[Text] The eight subsectors involved in the production of cotton issued their final SOS appeal to the government yesterday, indicating that this activity will cease as an "economically active" factor, and urging the various state bodies to adopt a minimum "package" of measures to guarantee the profitability of this crop prior to 5 May.

International marketers of cotton fiber, textile manufacturers, fat and oil industrialists, producers of fertilizers and representatives of the farm aviation, banking and farmers' sectors met all day yesterday to set forth various recommendations addressed to the government in an effort to prevent the abandonment of cotton growing.

Minister of Agriculture Luis Fernando Londono Capurro gave the closing address at the conference, in which he detailed all of the measures promulgated by the government to deal with the prolonged cotton crisis.

The two most representative associations of cotton growers in the country, the FEDERALGODON and the CONALGODON, indicated through their leaders, Carlo Vergara Gomes-Casseres and Hugo Mazuera Erazo, that the cotton growers throughout the country are free to decide if they will plant or not, but that those who do so will encounter serious difficulties because of the high production costs and low prices quoted for this fiber, both domestically and abroad.

"Under the present conditions, this activity is not profitable," they agreed in stating, but they said that the present crisis "is the result of various factors which could not be seen some years back, when the recommendations and circumstances were more favorable."

Some hours earlier, the manager of the Livestock Bank, Gustavo Castro Guerrero, said that the cotton problems date back some time, but he warned that it must be made clear that the crisis has had two stages: that in 1977, resulting from the plant health problems on the Atlantic coast, and the present stage, resulting from a weak production structure and aggravated by high costs and low prices to the producer.

Castro Guerrero stressed that the problem now is not one of credit and financing, and he showed how not only the body he heads, but other financial middlemen and government financing bodies with an interest in development are in a position to finance the cotton growers who want to cultivate this crop.

"In the final analysis, the current problem is international prices," he maintained.

Similarly, the director of the farm credit division of the banking association, Jorge Tarazona, explained that private and development banks have been active throughout the crisis in carrying the steps the government has been taking in an effort to correct it to the farmers and the unions.

Tarazona questioned the present marketing systems both for cotton fiber and seed, which automatically lead to the granting of credit to the farmer, such that the sole guarantee for the intermediary bank is when it is not paid promptly. "When this happens, the intermediary must take over the whole operation with its own resources, which creates a serious treasury problem with possible penalties due to disruption and distortion in future credit programs," he said.

He admitted that the various measures promulgated by the high levels of government failed to resolve the cotton problem, and he recommended the following short-term measures:

Extension of the period allowed for rediscounting applications approved by the Bank of the Republic in accordance with Resolution 40/81 to 4 months.

Exclusion from Monetary Board Resolution 13/79 of of the credit resulting from Resolution 40/81, and allowing a new study by the Bank of the Republic, without consideration of liquid assets.

In the light of present conditions, activation of the Guarantee Fund so as to provide access for a large group of cotton growers with limited guarantees to credit resources.

Extension of the spirit of Resolution 40/81 to harvests different from that in 1977, in order to remove the weight of short-term financial burdens from cotton growers.

Prior establishment of clear rules of the game to make it possible to know under what conditions the 1982-1983 harvest will develop.

Keeping in mind that the scope of Resolution 40/81 extends to the time at the end of the period of grace for which it provides when the farmers have succeeded in improving their situation.

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## ARMS SEIZED IN COMMUNIST LEADER MORA VALVERDE'S HOME

San Jose LA NACION in Spanish 27 Mar 82 p 6-A

[Text] Court proceedings for possession of explosives were started against communist leader Manuel Mora Valverde, at whose residence in Montes de Oca police confiscated high-caliber weapons, a variety of ammunition and other warlike objects the day before yesterday.

Mora Valverde characterized the proceedings as "political infamy" against him and his party and blamed the desire of the Agency for Judicial Investigations (OIJ) to "make us appear as the supporters of terrorism in the country."

The officials of the OIJ limited themselves to enumerating the confiscated items; they denied any political persecution and insisted that they came upon the house, later identified as Mora's, unexpectedly while investigating the remains of a stolen motorcycle which was presumably on the premises.

While conducting a search by order of the trial judge of the fifth instance, Daniel Gonzalez, they found bases for explosive mines.

This happened on Thursday afternoon in the basement of Mora's residence, 190 meters east of the soccer field in Montes de Oca. They added that the finding of these artifacts induced them to investigate more carefully. That's how they came to find 16 fragmentation grenades, 17 pieces of heavy armaments: Fal, Gallil, Grand, Maxim, M-1, M-6, 30 M-1, 130 shell loaders, 748 detonators, fuse for explosives, some TNT, a rocket, as well as 5,000 rounds of different calibers. It was emphasized that a photocopy was found of the communications codes of the OIJ, similar to the original found in the hands of terrorists who were taken on 11 March in a house north of Paseo Colon.

The investigators reiterated that they established through the Costa Rican Institute of Aqueducts and Sewer System (A and A), that the dwelling they were going to search was registered under the name of Mr Ruben Castro Beeche, who died 20 years ago. We did not have the slightest idea that Mr Mora lived there, explained the head of the Traffic Bureau who participated in the matter.

Then they proceeded with the search and the discovery resulted.

Mora Valverde appeared yesterday before the OIJ and was later taken to the office of the prosecutor of the fifth instance, where the case against him

for the presumed possession of explosives was initiated. The Penal Code establishes a penalty of up to 4 years imprisonment for anyone convicted of this crime.

The leader Mora, who claimed to have been imprisoned 60 times during his lifetime, emphasized that this is something planned by the police to eventually connect him and his colleagues to the terrorist activities of the last few months. He affirmed that some of the items confiscated are weapons authorized for the defense of his home by the Agency for National Security. He stressed that the president of the Supreme Court of Justice, Ulises Odio, is aware of that. He also has the authorization of the General Directorate of Public Order.

Regarding materiel such as grenades and guns as well as other explosives, he had not ruled out the possibility that they were abandoned in the basement of his house, since during the Sandinist insurrection his son, Manuel, actively participated and the place was used to store materiel of this nature.

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CSO: 3010/1406

## NEW ADMINISTRATION TO DEVELOP STRONG SECURITY POLICY

San Jose LA NACION in Spanish 27 Mar 82 p 6-A

[Text] President elect, Mr Luis Alberto Monge Alvarez announced that his government will develop a vigorous and comprehensive internal security policy within the peaceful, legalistic and antimilitarist spirit of the Costa Rican nation.

He stated this at a luncheon with directors and owners of the social communications media that took place yesterday at a hotel on the outskirts of San Jose.

While expressing his thoughts on the matter, he indicated that there are in the country dangerous groups from the Palestine Liberation Organization (PLO) and from Libya's President Mu'ammarr Qadhafi "who could blow us up at any moment."

## Solution

In his presentation to representatives from newspapers, television and radio, Monge affirmed that the resolution of crises is not the exclusive job of government institutions, but also of the so-called private organizations such as pressure groups, political parties and the news media.

He then reiterated that his government will respect all communications media as he himself had done. He also guaranteed that he as well as his administration would heed a policy of impartiality. He asked that the media "be just and impartial in dealing with my government and be faithful to the trust that the electorate has overwhelmingly placed in me."

He also talked of the need of joining in a common cause in the face of the present national crisis. "I know that the power of the news reporting will be at the service of the common cause, that it will serve those of us who have the public responsibility of shaping the destiny of the nation in this historic moment," he said.

Later he made a number of comments regarding the current situation in Central America and announced his decision to take the side of the Western democracies in the extracontinental struggle taking place in this region and for which he will be "openly confronting the communist design."

He also talked about the conscription ban in our country and asserted that despite this nobody should be mistaken: "pacifism is not weakness, unilateral disarmament is an indication of civilization, not of fear."

#### Discretion

Monge asked his interviewers to "be discreet, prudent and cautious" regarding the discussion of internal security.

"I repeat," he continued, "that newspapers, radio and television should not use internal security policy as a subject for unscrupulous debate and that all the comments and analysis should be tempered with prudence, discretion and caution for the good of Costa Rica."

Regarding the economy Monge advocated a public debate "within a framework of sobriety, respect for the ideas of others and consideration for the public mandate expressed in the ballot box, and above all, keeping the national interest always in mind."

On this last subject he asked for confidence, patience, understanding and support for the economic policy of the new administration, and in regard to the battle against corruption in the public and private sector, he also asked for cooperation so that he could fully realize his commitment to the ethical values that support trust in the system.

Lastly, the president elect asked for understanding of the way he is.

"If newspapermen are used to the exasperating verbosity of political leaders I ask them to try to understand the way I am. I am frugal with words," he said.

"I need your help to govern. Let us unite so that all together we can overcome the crisis, recover the lost time and lead Costa Rica along the road to progress and to universal well-being," he concluded.

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CSO: 3010/1406



## ASN AFFIRMS YOUTH RECEIVES TRAINING IN LIBYA

San Jose LA NACION in Spanish 2 Apr 82 p 10-A

[Text] Young militant communists from this country are periodically sent to Libya to receive training in terrorism, confirmed the officials of the Agency for National Security (ASN), yesterday.

In spite of this, the lack of means makes checking on them before they leave the country or after their return virtually impossible.

It was learned that these investigations are carried out with the means available to the police for preventive security. The same thing happens with the efforts made to prevent the entry of subversive North Korean agents.

According to investigations, these persons pass themselves off as newspapermen or cultural attaches and they attempt to infiltrate the country and settle here.

In spite of this, some controls have recently been intensified and at the same time their entry has been prohibited.

In relation to these investigations, the story was told of what happened the day before yesterday with Shafick Handal, one of the six Marxist guerrilla commanders from El Salvador.

He arrived by air from Nicaragua at the Juan Santamaria International Airport, where he was detained. The officials questioned him and he said he was coming to see a daughter.

The police arranged to keep him under surveillance and yesterday, no less, he left the country. At first it was said that he was going to be deported, but at the last moment it was learned that he left voluntarily. Humberto Vargas, a representative from United People, saw him off.

## Training

Regarding the training in Libya they commented that every 3 months (officially reported) groups of three young men each go to Libya, where they stay for 6 months.

They even have information of a communist militant who stayed there for a year. The possibility that this man may have a clandestine training center has not been discarded.

But we lack the resources to keep them under surveillance. Many leave via San Jose Managua, Havana and from there they may also go to Libya. That is why we presume that the number of them who have received training without being detected is higher.

In official circles it was confirmed that representative Mario Devandas Brenes (United People, San Jose) is in Tripoli.

Members of his party said he is attending a union meeting.

Recently, according to investigations, it was learned that nearly 100 Nicaraguan militiamen going to Libya have passed through Santamaria Airport during the last 8 months.

It is probable that the majority of them used false identification in order to return later to their activities in different areas.

This problem is similar to the one about reports of military training that according to confidential information is going on illegally in some parts of the country.

No matter how hard one tries, if the resources are lacking one fails, said the informants.

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CSO: 3010/1406

## OIJ WARNS FIGHT AGAINST TERRORISM TO CONTINUE

San Jose LA NACION in Spanish 2 Apr 82 p 10-A

[Article by Edgar Fonseca]

[Text] A strong warning regarding the fact that the judiciary police will not yield to anything or anybody in its struggle against terrorism in the country, no matter what its ideological persuasion, was given yesterday by Eduardo Aguilar Bloise, general director of the OIJ (Agency for Judicial Investigation).

"We will never give up," affirmed the official, and he added that it will not be with threats and words that these groups will be intimidated in the struggle to "maintain and strengthen democratic institutions."

Aguilar censured the version given by some groups who are trying to obscure the work done lately by the judiciary police.

He branded as "ridiculous" the allegation that the authorities had planted the evidence related to the confiscation of explosives and other warlike objects found at the home of the communist leader Manuel Mora Valverde last Friday afternoon.

"I ask myself," he said, "what would have happened in a socialist country if such weapons had been confiscated from an ordinary citizen."

Nevertheless, he maintained that there is no desire to persecute Mora Valverde or his colleagues. He warned, though, that Mora Valverde will have to answer before the courts for the confiscated weapons.

Aguilar emphasized that the OIJ members are not frightened by the threats made against them lately. "The country can be sure of our impregnable defense," he added.

#### Politicized Police

Aguilar said that the OIJ cannot be and should not be a political agency, but that if crimes with political or terrorist ties are committed, the OIJ would carry out a thorough investigation.

"Let no one be deceived," emphasized the police chief yesterday while accompanied by Manuel A. Molina, chief of criminal investigations of the judiciary organization.

"Nobody is going to scare us," said Aguilar, while noting the legal and material limitations that they face in the performance of their duties.

In his opinion, the action taken by his subordinates during the present crisis shows extraordinary dedication. "It is a superb effort, even though it diminishes our resources," he added.

Then again he asserted that the judiciary police will always be impartial and independent during the investigative processes in the face of terrorist attacks, whether from the Left or from the Right.

"We ask the support of the conscientious population. Rest assured that while we are at work there will always be honesty. Our struggle is against corruption and crime," he concluded.

#### The Mora Case

In reference to the confiscation of arms and explosives at Mora's home, Aguilar declared that the Supreme Court of Justice never informed the OIJ of the possession of such arms by the communist leader. In his initial version, Mora pointed out that the court president, Magistrate Ulises Odio, as well as the National Security Agency (ASN), knew that he had weapons in his house to defend himself from a possible attack by Somozist groups.

Nevertheless, even this information was not given to the OIJ, said Aguilar Bloise.

Manuel Molina insisted that in this case the police agents proceeded according to legal norms and that at no time was there any abuse of power.

Even Mora Valverde had time to go to court, located in the heart of San Jose, to inspect the search and seizure warrant.

The police officials said they are not interested in persecuting anybody because of their political views and that the investigations under way are the result of common crimes.

We want the people to be aware of what terrorism represents, but we are not afraid of those who threaten or try to scare us, concluded Aguilar.

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## JUCEPLAN PRESIDENT INTERVIEWED ON ECONOMY

Havana BOHEMIA in Spanish 16 Apr 82 pp 44-45

[Interview with Humberto Perez, alternate member of the Politburo and president of JUCEPLAN, by a National News Agency reporter; date and place not given]

[Text] The characteristics of the present 5-year plan and the first results as of the end of 1981; the growth and total amount of our exports; the outlook for them; the development and current state of the Economic Management and Planning System [SDPE]; the State Negotiation Board; and the training of cadres are the chief topics of the following interview granted to the National News Agency by Humberto Perez, alternate member of the Politburo and president of the JUCEPLAN [Central Planning Board].

[Question] To what extent can we assume that, after the decisions announced at the Second Congress, the economic plan has been given a stronger role in management of the country's economy?

[Answer] The 5-year plan for 1981-1985 discussed at the Second Congress was a plan developed on the basis of greater experience and with a breakdown by year. Once it was approved, it was broken down by sector, state agency and geographic region, until the plan for each enterprise had been determined. Regardless of whether the international political and economic situation leads to changes that in some cases prove to be significant, the existence of this plan enables managers and workers in each agency, region and enterprise to have a clearer sense of their tasks and objectives for these 5 years, the first of which has already passed. This is an achievement of considerable value, for it enables each agency and enterprise to anticipate possible problems and take appropriate steps.

The 1981 plan is perhaps the one that has been carried out most successfully in the history of our revolutionary process.

On the basis of decisions made at the Second Congress, new elements have been considered and added; in regional planning, for example. Each province's plan has been analyzed and discussed, not only in regard to locally controlled activities but also concerning activities of enterprises subordinate to central agencies. This has facilitated more thorough coordination among different enterprises in the province, as well as between the province's objectives and national ones, although this is an area in which we still have a great deal to do.

Mechanisms have been set up to promote new exports, and the corresponding methods and procedures have been developed to give impetus to exports, as well as mechanisms for economical use of the various physical resources, especially fuel and electricity.

With respect to capital expenditures under the 1981 plan, the primary objective set was completion of projects already begun and reduction of time taken for construction, the launching of new projects being postponed. Although only 1 year has passed, this policy has begun to bear fruit. For the 1982 plan and the remaining segments of the 5-year plan, this policy will continue to be consistently implemented.

With the work on the 1981-1985 plan completed, development of the economic strategy for the period until the year 2000 has gone on, having the 1981-1985 plan as its starting point, the objective being to draft a long-term plan that serves as a guide and framework for development of subsequent 5-year plans.

We have made a major--successful--effort with regard to improvement of the procedures and mechanisms for developing the estimates used by the Central Planning Board.

There's been improvement in the use of patterns of consumption for planning of materials supply, and significant advances have been achieved in the acquisition of the statistical data serving as a basis for attainment of greater precision in this sphere, although it's an area where we need to progress much farther.

Finally, although only a little over a year has passed since our party's Second Congress--and this is a very short time for especially marked changes to take place in an area such as planning--unquestioned advances have been made, and we have succeeded in taking new steps along the road opened at the First Party Congress, when the Economic Management and Planning System we're now implementing was approved.

[Question] What progress have we made in our effort to transform our country from an importer to an exporter?

[Answer] Some years ago, the different sectors of the economy launched a movement intended to transform our country from an importer into an exporter.

This has been carried out not only through expansion of traditional exports but also through introduction of new items for export, as well as through the production of articles serving as substitutes for imports, primarily from the capitalist world.

This trend is most noticeable in the past 5 years. First, in the rapid recovery of two of our traditional exports that were affected by the diseases afflicting the crops involved, the sugarcane disease and the tobacco blue mold, which has made it possible not only to equal but even to surpass the levels reached before the diseases struck.

We've also added new industries, such as steelworking, which started to be a source of export income during the 1976-1980 period. Although exports in this industry began in 1976, with pressure cookers, it wasn't until the end of the period that this sphere took off.

In 1980, around 20 products from this industry were exported. Over 10 of them have been exported for several years, including those from Antillana de Acero Steel (corrugated steel bars and wire rod), from the INPUD [National Industries for Domestic Products and Utensils] (pressure cookers, stoves, refrigerators, coffee pots), and equipment (semitrailers), spare parts, complete plants and other mechanical products.

During this 5-year period the steelworking industry is contributing around 14 new products for export.

It has been calculated that income for 1981 was five times that for 1980. Moreover, a doubling of the increased amount is planned for 1982.

It should also be pointed out that such traditional sectors as the sugar industry have been diversifying production, adding to planned exports such new products as Torula yeast, panels, sugar-processing machinery and other items.

This diversification of our leading industry and the expertise and experience acquired in the production of machinery for it, including the construction of sugar mills, have enabled us to sign cooperation agreements with countries requesting aid and technical assistance, supplies and construction of mills. We can thus expect to produce a line for export while finding new means of obtaining foreign exchange.

Another product considered traditional, alcoholic beverages, has also been exported in increasing amounts, which has led to plans for a 1982 export level twice that for 1975. A major factor in that is exports of rum in containers, which are expected to reach 105 million hectoliters in 1982, up from 7.9 million hectoliters in 1975.

In sectors such as agriculture other than sugarcane, a constant increase has been noted, as in the exportation of fresh citrus fruits. As a result, for 1982 we are planning to export five times what we exported in 1975.

Exports of potatoes for human consumption have also risen considerably, which has enabled us to plan 1982 exports approximately three times those reached in 1977.

Another product that's notable for the export levels reached, although it was added to the plan relatively recently, is cement. Exports of it expected for 1982 are three times those for 1977, the year when it was first exported.

There are other products that--although the level reached is not significant--show promise as exports.

This is true of the metallurgy and machinery assembly sectors, where we are taking the first steps in exportation of small amounts of certain metals as well as

of some complete facilities for the construction materials industry, such as prefabricated plants, and for the food industry, such as processing centers.

Included in this group are such products as textiles, detergent, eggs, and products from the food industry that include processed citrus fruits. We should also include fishing and recreational boats, as well as exports of books published by the Ministry of Culture. Although book exports began in 1980, the results for 1981 were highly satisfactory, being considered acceptable for 1982.

Summarizing what has been said already, we can say that:

--During the last 10 years, the average annual growth rate for exports has been (14.2 percent) and it surpassed that for imports, which was (13.2 percent).

--If we take 1975 as a reference point, we can say that by 1980 some 115 products were being exported that were not exported in 1975. Their total value for the 5-year period was some 100 million pesos.

--In 1981, this policy continued, with 17 new products added to the export plan, while there are plans to add 19 in 1982.

It isn't easy to diversify our exports in the circumstances of a country striving to overcome the legacy of underdevelopment we inherited from more than 4 centuries of colonial and neocolonial domination, in addition to being blockaded and besieged by the Yankee imperialists. But despite everything, there are also our advances in this regard, and we are sure that the present 5-year period will witness a major leap forward in this sphere.

[Question] You used the word "sowing" in describing the initial period of organization of the Economic Management and Planning System. When can we call it the "harvest time?"

[Answer] We call the first phase of establishment of the SDPE one of sowing because during the last 5-year period the primary objective was really to introduce the system's principal mechanisms into our economic management process. It was a complex, difficult job that took some time, for everything had to be done practically from scratch. We had to create the enterprises, reestablish billing and paying, implement a new planning system, new accounting and statistics-gathering systems, restructure the banking system, make price lists and then reform those prices, and so forth. In short, each and every one of the jobs done during these years, which are summarized in the national plenaries for assessment of the SDPE and in the main report to our party's Second Congress.

That is why we spoke of sowing and said, too, that we could consider the present 5-year period one of cultivation; that is, of improvement and correction of some of the mechanisms we're implementing. This obviously doesn't mean that some early fruits haven't been obtained in the process of implementation of the system, even if they consist of our developing a greater economic awareness that is reflected in greater efficiency in our economy. Moreover, the level of efficiency attained in 1981 in the overall economy and in basic aspects of it is not unrelated to implementation of the Economic Management System, but rather we view it as connected with it in large measure.



It could even be said that all this process of sowing and cultivating of the system has prepared us to more effectively deal with the difficult economic situation the world is now experiencing owing to the crisis afflicting the capitalist economy, with which we are inevitably involved and from which, as everyone knows, we have to import some of the products our country needs.

Now then, we think that all the system's mechanisms will be mature enough to bear the fruits expected from it by the 1986-1990 period, when we hope that our management system will truly function as an integrated system, all the management mechanisms making it up having been implemented by then. We hope, too, that the functioning of those mechanisms will facilitate management of our economy and that we will achieve increasing efficiency.

[Question] What is your assessment of the State Negotiation Board's work in insuring conclusion and fulfillment of contracts among enterprises?

[Answer] The State Negotiation Board was created precisely for that; that is, to facilitate, and assist in, all contracting among enterprises and to settle disputes that arise among them, both in the contract-signing stage and in the process of their fulfillment.

Of course, as we all know, and as the report to the Second Congress of the PCC [Communist Party of Cuba] stated, the signing of contracts began some 2 years before the Negotiation Board was created, for creation of this agency was delayed when implementation of the SDPE began.

The result was that some problems arose in the contracting process that went unsolved, for the agency in charge of that didn't exist.

Since the creation of the Negotiation Board, work in that area has progressed, for besides resolving disputes arising among parties when one of them lodges a complaint, it can also act of its own accord; that is, without there having been a complaint by any of the parties involved.

There are specific examples of disputes concerning the signing of contracts in which the mere submission of the problem to the Negotiation Board was enough to bring the parties to an agreement without its being necessary to render an official decision.

Consequently, we give the Negotiation Board a leading role in the implementation of the SDPE, for conclusion and execution of contracts is one of the primary ways in which an enterprise's plan is developed and through which their fulfillment is more readily insured.

[Question] To what extent have we overcome the habit of sending comrades to management-training courses who are not actually carrying out the responsibilities in question?

[Answer] I would say that the issue isn't that they're sending comrades to school who shouldn't be there, since nearly all the comrades who go to school occupy administrative positions in enterprises, in budgeted units, or in a labor organization, and thus need to take these courses.

The main problem is that the capacity of the schools isn't properly utilized, for not all the comrades who should take these courses are sent to school. Unfortunately, it isn't always understood that when we release a cadre for several months to improve his training, we're preparing him to more effectively deal with the complex job of managing an economic entity.

People think about the present a great deal, about how essential the cadre is, about the impossibility of replacing him; but they don't always consider the future and the importance of having cadres who are more highly trained and better prepared to handle each activity.

For example, we all see clearly that if we invest in a new plant, after "x" years we'll then have higher production, with better quality and improved technology. However, people don't see as clearly that preparation of cadres is also an investment, for the most important element in the production process is man himself, with his ability to organize and manage this process efficiently. There's no question that a cadre with the necessary training can carry out this mission much more successfully than a cadre who doesn't have it.

With the Party's support we're taking some steps to insure that as many cadres as possible attend economic management schools and that they use their training as fully as possible.

9085

CSO: 3010/1489

## IMPORTANCE OF PACKING, LOADING DISCUSSED

Havana VERDE OLIVO in Spanish 15 Apr 82 p 46

[Article by Maj Antonio R. Pino Silva: "Safety of the Cargo"]

[Text] Military transportation represents a significant branch for living and combat since it is the way in which the various types of military units get their cargo but it is also vital that said cargo be transported with all the safety it requires.

For that reason it is necessary to know its fundamental characteristics: The type of packing, its dimensions, the level of danger, requirements for its appropriate transportation, and so on, and it is precisely in this area that this important service first touches its users, because of the requisite care to be taken.

But their involvement does not stop here considering that the supplying of troops concludes when the latter receive their shipments. For this reason it is necessary to be concerned with the preparation of the sites for loading and unloading and even more with the freight to be transported.

Knowing this, a fundamental linkage of the entire chain begins, that is, the preparation of the vehicle required for the accomplishment of the given mission. In that context, the securing and control of the cargo demand attention both from the users and from the transportation unit since the safety of the operation depends on it.

By securing and controlling the cargo is meant that the conditions of the truck loading platform should be suitable for the mission to be fulfilled and so should auxiliary means available to guarantee its integrity.

Let us now consider each of these elements.

The securing of the cargo in transport trucks is achieved with the appropriate stowage on the truck bed. Impacting on the form or method to be used in the process are the characteristics of the package, the experience accumulated by the drivers, and even more by the experts responsible for the cargo to be transported.

This process cannot be seen as separate from the progress made in the systematization of the equipment (containers, pallets, lift forks, and other items) which is used in the loading and unloading of the trucks and which actively determines the securing of the freight in the transportation process.

However, there are cargoes held in cylindrical packages which demand the use of wooden containers in order to be fastened onto truck beds. Others are unstable on metallic floors and it is thus necessary to use wooden strips. Additionally, there is technical equipment which must be secured with wire or cable for transportation.

It is fundamental that all this be known and applied since it is the only way to achieve safety in the transportation to be realized and to satisfy through it an imperative need of our FAR [Revolutionary Armed Forces].

The control of the cargo in the trucks should guarantee its safety throughout its entire transfer process.

To achieve this the transportation unit must have the necessary materials available such as tarpaulin, rope, metal brackets (for cargo packed in fragile cardboard), strips of wood (for special cargo), and other materials.

Additionally, it is necessary to have fire extinguishers, signals, and other auxiliary means permitting the safety of transportation en route.

Military transportation of all types has great importance for our FAR. In order to increase the optimization of the loading capacity of trucks as well as to improve the system of securing and controlling cargo, such transportation is included in the plans of the Directorate of Transportation and Highways as an important specialty, with the military-scientific effort and the rationalization and innovation endeavors designed to achieve this goal.

2662

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## U.S., NATO Naval Maneuvers Viewed

Havana VERDE OLIVO in Spanish 15 Apr 82 pp 20-21

[Commentary by Juana Carrasco: "Peril on the Oceans"]

[Text] The military activity of the United States and its NATO [North Atlantic Treaty Organization] allies seems to know no limits. From 15 to 26 March 1982 these powers were engaged in maneuvers of naval control on practically all the seas and oceans of the world under the designations of "Expanded Sea 82" and "Sea Supply 82."

Directed by the commander in chief of the United States Atlantic fleet and NATO's commander in chief, the exercises involved more than 1,000 craft of NATO member-states which kept guard over the major commercial shipping routes of the globe with the object--according to the high command's plans--"of verifying the capacity of coverage of merchant ships by naval units in case of war."

The Western navies--aircraft carriers, cruisers, destroyers, and battleships--undertook the escort of merchant vessels as well as "routine inspections" of ships both on the Persian (or Arabian) Gulf route and at the Cape of Good Hope in South Africa, across the Atlantic and in the Pacific.

And this vigilance and control of the major maritime arteries under "Expanded Sea 82" and "Sea Supply 82" went almost hand in hand with the maneuvers effected by NATO in the Gulf of Mexico and the Caribbean and with United States-South Korean military exercises known as "Team Spirit 82" and the maneuvers designated as "Rimpac 82" which, with the participation of the United States, Canada, Australia, New Zealand, and Japan, tested the cooperation between two of the imperialist military blocs--NATO and ANZUS [Australia- New Zealand- United States Defense Pact].

If we analyse the tense international situation stemming not from sham battles but rather from genuine situations fringing on conflict or conflicts caused by Washington's insatiable search for power and wealth, we become aware of the danger involved in these warlike exercises.

At the same time all this deployment of NATO's naval paraphernalia constitutes a shameless intervention by that aggressive bloc in other regions of the world geographically distant from its borders. And this matter reflects U.S. policy

to pressure and involve its European and Canadian allies more and more so that they may serve the United States as logistical support in its role as world policeman as well as that spirit of reviving outdated "gunboat diplomacy" on the high seas.

One need not be very knowledgeable to conclude that these exercises represent not only an obvious threat against a sizable number of states but also that they constitute a large-scale testing of total maritime blockade of specific areas despite the effort to conceal it behind the facade of protecting the international naval routes and their own merchant vessels.

Keep in mind that they were slated to verify the operation of the plans and procedures of the organization of the parallel "Naval Control of Vessels" which involved requesting permission from the shipping companies to inspect their craft by the participants in the maneuvers [allegedly] without interfering with the anticipated maritime movements and port operations.

Another interesting aspect can be highlighted in this NATO activity: It was carried out at a time when the senior Western admirals were complaining about the growing strength of the Soviet Navy or, to use the terminology coined by Yankee propaganda, "the Soviet threat."

Since the advent of Ronald Reagan in the White House the United States has been trying to convert into a likely event the possibility of a conventional war with the Soviet Union limited to Western Europe. Through this satanic masquerade the U.S. administration is striving to instill fear among the European peoples. At the same time it is alleged that the supplies and arms that would reach the old continent across the seas would be decisive for a military victory.

Washington argues that "the merchant navies of the (NATO) member-states represent 65 percent of the world fleet" and that the Western economies consume 68 percent of world oil production half of which is transported by sea.

Hence, U.S. reports to its European allies at NATO headquarters in Brussels stress the need to strengthen the navies of these states and of course also advocate an increase in the United States' own naval power in search of a sizable share of the Pentagon's budget by alluding directly to the alleged difficulties experienced by Washington in overseeing the major energy routes all by itself.

And in this control of the ocean routes in which merchant vessels were informed about make-believe threatening situations and were given instructions on changes of routes and norms of conduct in "potentially hostile zones," they tested specific war materiel such as the new dragged sonar which, according to Western experts, is proving to be a weapon of major importance in antisubmarine warfare.

This is still another form of the anti-Soviet propaganda drive and of the "cold war." For example, Adm James Watkins of the U.S. Navy in the Pacific lately reported that "the balance of forces with the USSR--which premises its potential on its submarine fleet--would make unforeseeable the final result of a

naval clash." Meanwhile, others such as Rear Adm James Lyons, commander of the U.S. 2d Fleet in the Atlantic, advocate the creation by the Pentagon of a permanent naval force to keep watch over Caribbean waters on a permanent basis.

It is necessary to compare requests with reality to have a clearer idea of the Yankee hegemonic efforts.

The Pentagon's military activity in the Indian Ocean and the Pacific and especially the modernization of the bases it has in those regions is dangerous for peace.

It is not a secret that Diego Garcia in the Indian Ocean constitutes an advance-line port for the rapid deployment forces and a base for nuclear-armed bombers. The U.S. Navy already uses the Somali port of Berbera and is modernizing its base at Mombasa in Kenya while it is taking major steps to place a nuclear force in Moroni in the Comoro Islands.

Powerful American military forces are being concentrated in the network of the Pentagon's support points which extends along the African coast up to the eastern part of the continent and Southeast Asia.

The U.S. Department of Defense is also looking for other new bases in the area of Central America and the Caribbean and persists in its efforts to convert our neighboring seas into a war zone by announcing for this month of April to May 1982 two military exercises--"Readex 82" and "Ocean Venture 82"--in which naval forces from Britain and the Federal Republic of Germany, member-contries of NATO, are scheduled to participate.

As is seen, Washington maintains its decision to extend the activity of the North Atlantic Treaty Organization to other regions of the globe, going beyond its geographic borders and coming close to the extremely dangerous limits of a warlike situation at a time when its campaign against the USSR, Cuba, Nicaragua, Grenada, El Salvador, Libya, and many other countries is growing more intense.

We could mention other recent examples of this war-prone American hysteria into which the United States is dragging its allies, namely:

1. In Colorado Springs, Colorado, a meeting of the Nuclear Planning Group of NATO was just held. The group confirmed its agreement to place 572 Pershing 2 nuclear missiles and cruise missiles in Europe by the end of 1983. With this drastic step the group ignored the Soviet decision for a unilateral moratorium in its intermediate-range nuclear weapons in the European portion of the Soviet Union.
2. On 30 March 1982 Ronald Reagan approved a so-called "civil defense" plan to be implemented over the next 7 years and which will supposedly permit the evacuation--at a cost of \$4.2 billion--of tens of millions of Americans in case of nuclear war.
3. A large-scale U.S.-Soviet nuclear war whose climax was the "death" of the U.S. president was carried out from 1 to 5 March 1982 with the participation

as actors (the Hollywood influence of the incumbent president will be noted) of such people as the former secretary of state, William P. Rogers (playing the role of the president), and the former director of the Central Intelligence Agency, Richard Helms (playing the role of vice president). From the "Situation Room" the celluloid president (William Rogers) gradually came to order the use of tactical weapons and the launching of new satellites to replace those destroyed by the "enemy."

4. Another exercise, the so-called Hilex (High Level Crisis), slated to test the reactions of the leaders of NATO and Washington's allies in case of a major East-West crisis, was also carried out in March 1982 at NATO's headquarters in Brussels. The starting point was "a threat of intervention by the Warsaw Pact forces in Yugoslavia and Romania"--AFP [FRENCH NEWS AGENCY] reported--and in the ultrasecret crisis plan the transmission means of communications and coordination among the [Western] capitals and NATO headquarters were tested.

It is obvious in what direction Washington and NATO, directed by the Pentagon, are moving: They are going down a road which could lead to war.

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## U.S. VIEWS, OBJECTIVES REGARDING POLAND EXAMINED

Havana VERDE OLIVO in Spanish 15 Apr 82 pp 14-15

[Commentary by Elpidio Valdivia: "Washington versus Warsaw: Regarding the White House's Obsessions"]

[Text] If one talks of obsessions, Poland has not stopped occupying a preferential place among those of U.S. leaders despite the fact that the misfortunes of their policy in Central America must undoubtedly occupy their time and shatter the dream of more than one of the confused officials of the Republican administration.

Immediately after the direction of Polish events at the end of 1981 was radically altered in the interest of internal stability--and to the serious detriment of American strategic intentions to foment the dismemberment of the socialist community--Washington, surprised and angry, chose as usual the path of revanchism against the Polish Government and people, shifting to economic aggression the efforts that it had until then assigned to the promotion of a regression of the socialist regime in Poland.

The most diverse and meanest measures in bilateral relations were announced by President Ronald Reagan in a paradoxical Christmas message at the time when one of the most notorious diplomatic struggles got under way between the present American administration and its European allies with the purpose of carrying them along in the doubtful effort of restricting their commercial relations with Poland and the Soviet Union and in so doing removing one more shovelful of earth from the already deep grave which the Republicans in the United States have been digging for the policy of detente.

The results of the numerous threatening declarations, frantic twists to impact on Washington's NATO [North Atlantic Treaty Organization] allies, and renewed professions of anti-Soviet faith were however not enough for the White House.

Most of the governments allied with the United States, faced with the possibilities of taking part in the strangulation of the Polish economy demanded by the Republican administration or restricting their relations with the Soviet Union by virtue of Washington's new anticommunist crusade, preferred initially to adopt a middle ground, much more symbolic as several of their spokesmen characterized it, on which basis they responded with little enthusiasm to the de-

mands of their powerful ally and defended their own national interests which an even greater intensification of tensions in Europe would not have helped.

Nevertheless, the policy of harassing Poland now extended to include the Soviet Union because of its alleged participation, never proven, in the latest Polish events, brought about--as informed European sources noted--the fact that today for the first time in 40 years there is talk of the possibility of reducing Western Europe's economic relations with the socialist countries instead of continuing the increase in same sustained through several decades.

In this dispute there have also cropped up in the past few months conflicts of interest dividing the European allies of the United States before the cold war policy, applied in this case to commercial relations, which the Republican administration is brandishing as a universal directive.

There was no shortage of ministerial delegates who arrived in Washington from Europe to express their opinions before a posture of economic extortion vis-a-vis Poland and the Soviet Union. They came--as even the American press reported--to present the view that they were not prepared to take measures that could affect their own economies not tolerate American measures that were harmful to them.

With some reductions in specific imports decreed against the Soviet Union and various limitations in credits and supplies of raw materials in the case of Poland, a handful of states believed that they could satisfy the demands of their uncomfortable American ally. However, shortly after February 1982 the usual leaks in the American press indicated from Washington that the Reagan cabinet would again discuss a posture of sanctions "that would be acceptable to the Europeans."

In truth the American goals go much beyond the Polish pretext. The harm done to East-West economic relations overlaps the declared intention of the present U.S. administration to extend the fields of tension and to render its own allies more dependent on the American economy.

One of the most noteworthy spokesmen in this drive, Undersecretary of State Lawrence Eagleburger, who headed the first American delegation which visited Europe in its attempt to secure antisocialist economic sanctions, stated at the end of March 1982 that the United States would step up pressure over the Western European countries for a drastic revamping of credits made available to socialist states.

The U.S. Government continues to be very concerned by the excessive enthusiasm with which some bankers and governments of Western Europe grant credits on advantageous terms to the Soviet Union, Lawrence Eagleburger said. For him this topic is "a strategic matter linked to the problem of East-West relations."

In addition to this singular interest in taking care of the interests of other bankers who are no less capitalistic than the Americans themselves, the United States has used the most varied means in its antisocialist arsenal since the start of 1982 and the failure of its hopes for destabilization in the Polish case.

The French weekly L'EXPRESS commented not without some irony that organizations such as COCOM [Coordinating Committee for the Multilateral Control of Exports], established in 1950 at the height of the cold war period and which now includes Japan and most NATO member-states, are being revitalized under American sponsorship in their "original goals" of reducing technical exchanges with the socialist community for the sake of supposedly checking its military capability.

Another priority target of this American drive to weaken inter-European economic relations is the gigantic gas pipeline project that will link the Soviet Union with several Western European states, considered as being of vital importance for a possible economic strengthening of these countries and the drive against unemployment which has reached unprecedented levels in several of them.

Some "hard core" sectors of the Reagan administration, EFE [EFE SPANISH PRESS ASSOCIATION] reported from Washington, continue to fight for the postponement and even cancellation of the project's realization for which purpose they are striving to use the prohibition against employing American technology in the possession of its allies in this industrial project. American plans in this respect do not seem easy to execute, however. France and the Federal Republic of Germany, two of the most important countries of Western Europe, have definitively signed the agreement with the Soviet Union for the construction of the line more than 5,000 km long, and various other countries, despite obvious American pressure, seem ready to confirm their participation in the joint undertaking. Still, Washington persists in its efforts. In the middle of March 1982 a new mission headed by an undersecretary of state, James Buckley in this case, in charge of so-called security affairs, visited five European capitals with the declared purpose of arranging "more energetic steps by our allies vis-a-vis Poland."

Not satisfied with the stagnation of the European Security and Cooperation Conference, brought about in Madrid by the American attitude expressed by the U.S. secretary of state, Alexander Haig, of premising all progress at the Madrid meeting on an "improvement" of the Polish situation, where it became evident, as the Polish representative noted, that an attempt was being made to use his country as "an instrument of confrontation," the U.S. Government has now resumed with an impetus worthy of a greater purpose its threatening endeavors focused on that socialist state.

In particular the Americans are using the Polish debt, one where 16 Western countries appear as major creditors, as an instrument of pressure for a return to the situation prevailing before 13 December 1981 when, driving 450 days of activities by the antisocialist forces, a state of anarchy was brought about, which was to a large extent responsible for the fact that the Polish industry is now operating at barely 60 percent of aggregate capacity.

Changes in supply patterns and the suspension of credits as well as restrictions in the use of licenses which Poland had secured from capitalist countries in the 1970's are other economic weapons used by the government in Washington to impact on the Polish economic situation.

The [Polish] publication ZYCIE GOSPODARCZE denounced the existence of a full-blown food war against Poland, which sees a dangerous precedent in international relations, in the use of trade and the so-called food assistance by the highly developed capitalist countries as political weapons.

The application of a policy of food embargo, a Polish official spokesman recently affirmed, is not targeted against the Polish Government but rather against the entire Polish nation, as in the case of the cancelation of a shipment of 100,000 tons of corn slated as poultry feed, for which payment had already been made to the United States but which was embargoed by a presidential decision.

But Washington's interference in Polish affairs does not take place only in the economic realm.

The distortion of reports, denounced by the army daily ZOLNIERZ WOLNOSCI as an effort designed to denigrate the Polish authorities, should be added to the extension of radio broadcasts directed to Poland by stations openly financed by the United States as is the case of so-called Radio Free Europe, which is already broadcasting for 20 hours a day in Polish. Propaganda shows in the style of a special program aimed at Poland by the Voice of America, under the Hollywoodish inspiration of the U.S. president, or the use of balloons containing counter-revolutionary propaganda directed at Poland from the territory of its capitalist neighbors are also demonstrations of an attitude of self-importance and arrogance identified with the endeavors of the Republican administration elsewhere in the world.

In the face of this campaign comes Poland's decision to reduce its dependence on supplies of capitalist raw materials and components which jeopardize its economic recovery and the continuation of its efforts for the normalization of its national economy.

The shameless blackmail and coercion of the United States and some of its allies aimed at Poland and the Soviet Union, those two countries declared on the occasion of the visit of Gen Wojciech Jaruzelski in Moscow in March 1982, represent an effort to split the structure of the relations between the states and a threat to European peace and security.

With such objectives it is not difficult to understand why Washington's allies are not so unified in their anti-Polish crusade while the friends of Poland demonstrate at the appropriate time the true significance of a united stand.

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## BRIEFS

ANAP RESOLUTION--The delegates to the Sixth Congress of the [National Association of] Small Farmers [ANAP] approved a final international resolution during this morning's session. The resolution reiterates the ANAP's solidary support for peoples fighting for their liberation. It expresses the determination of the small farmers to continue developing fraternal relations with the organizations of socialist countries and all progressive forces in the world. The resolution condemns the aggressive military maneuvers and interventions of U.S. imperialism in Latin America and the Caribbean. Following a proposal by ANAP President Jose Ramirez Cruz, the delegates approved an agreement to support the Argentine people in their struggle for the sovereignty of the Malvinas Islands and condemned the warmongering stands of Great Britain and the United States. [Text] [FL171824 Havana Domestic Service in Spanish 1803 GMT 17 May 82]

ANGOLAN OFFICIAL IN HAVANA--Havana, 15 May (ANGOP)--Angolan secretary of state for culture Boaventura Cardoso arrived in Havana on Friday for a few days, during which he will sign a convention in the field of culture with the local authorities. The Angolan official was received by Armando Hart, member of the Political Bureau of the Communist Party of Cuba and minister of culture, and Lupe Veliz, director of international relations at this ministry. [Text] [AB161321 Luanda ANGOP in French 1150 GMT 16 May 82]

CSO: 3010/1572

## POLITICAL COMEBACK BY DIAZ SERRANO DISCUSSED

## Biographical Background

Mexico City PROCESO in Spanish 26 Apr 82 pp 6-11

[Article by Francisco Ortiz Pinchetti]

[Text] Jorge Diaz Serrano, a close friend of Jose Lopez-Portillo, has been pardoned, or, rather, given amnesty. Nothing happened. "The system simply moves its men around as it sees fit." The day before yesterday, director general of Pemex; yesterday, Mexico's ambassador to the USSR; today, the PRI candidate for senator from Sonora.

And what about the country?

No matter.

With its destiny wagered on the oil boom, the Mexican economy came to grief in a sea of tar.

Diaz Serrano, the prophet of plenty, the Fu Manchu of Mexico's oil miracle, jumped ship just in time, however.

He has just begun his campaign in Cananea: "I am deeply thrilled and proud," he said in his first speech, "to begin my senatorial campaign here, in a bid for the Sonora vote."

Cananea, he explained, "is a great symbol and part of the history of the Mexican Revolution," because "the brush fire that spread around the country started here 75 years ago."

Jorge Diaz Serrano, the world sales champion of Fairbanks Morse, a farm and heavy equipment manufacturer; General Motors' commercial agent; a friend and partner of former CIA director and now Vice President George Bush, who is a friend and partner of Texas oil men; the man who implemented an energy policy consistent with U.S. interests; the man responsible for the administrative and financial disaster of Mexico's most important industry; the man who mortgaged the country for a pipedream and who, as Jose Lopez-Portillo said, placed business interests before national principles, has begun professing a nationalist creed:

"Today, here in Cananea, a place to think back on our history, we are also reaffirming the deep-seated nationalism of the Mexican revolution..A nationalism that is expressed in our customs, that is reflected in politics and in economics, in painting, in music, in literature and in the brilliant range of emotions that reflect the best our roots have to offer..."

Just a few years before, Jose Lopez-Portillo had asked Mexicans not to lapse into cynicism.

#### Background

Moving at a good clip, it takes a little more than 2 hours to get from Nogales to Cananea in northern Sonora. It took Jorge Diaz Serrano 61 years to get there, but along the way he accomplished more than just becoming a multimillionaire. He became a leading national figure. It would be very unfair today not to include his name on the list of individuals most responsible for the present situation in the country.

As far as his wealth is concerned, no one would venture an estimate. It is impossible to quantify. The only thing that can be said with certainty is that he is an immensely wealthy man, wealthier than his father, a modest agronomist whose bureaucratic post took him to Sonora one day, could have ever imagined.

Gregorio Diaz Cenicerros arrived in the state in 1916 as a member of the Agrarian Commission set up by then Governor Plutarco Elias Calles. In Nogales he met Adriana Serrano Vidal, a young girl from the town of Hermosillo whose family had lived for several years in Nogales, Arizona. He later married her.

In a modest home 40 meters from the border and under a favorable star (what doubt can there be), their son Jorge was born on 6 February 1921.

Almost exactly 60 years later, on 5 February 1981, the same Jorge had his name placed on the list of possible successors to President Jose Lopez-Portillo. The then triumphant director of Pemex was the keynote speaker on behalf of the three branches of the government at the Fourth Meeting of the Republic in Hermosillo.

"Jorge got real close," his friends in Sonora now say.

But to get to that point, a great many things had to happen. First of all, his parents chose a good godfather for him, Juan de Dios Bojorquez, the boy's uncle, who took him to be baptized in the little church in Nogales.

A prominent resident of Sonora, Bojorquez had been chairman of the state's Agrarian Commission, a constitutional deputy in 1916-1917 and an Hermosillo city councilman, and at the time he was a federal deputy. The most important posts in his public career were to come

later, however. He became, in succession, head of the departments of statistics, and labor and social welfare, and in 1934 he was named government secretary in Gen Lazaro Cardenas's first presidential cabinet. He died in 1967 while serving as a national senator.

Diaz Serrano's relationship with Bojorquez was a key factor in his career.

No one in Nogales remembers how long the Diaz Serrano family remained in the border town, which during the 1920's had fewer than 12,000 inhabitants. People close to the family and old natives of Nogales, like historian Pomposo Salazar Araiza, reckon that Jorge was 4 or 5 years old at the most when his parents took him to Mexico City.

The man who is running for senator from Sonora today never again took up residence there.

He did all of his studies in the nation's capital. First he attended the "Benito Juarez" School, the vocational school and then the Superior School of Mechanical and Electrical Engineering of the National Polytechnic Institute.

Although it might sound trite, it is accurate to say in Diaz Serrano's case that his years as a student definitively shaped his destiny.

He lived at the time in the Roma District with his parents, but his uncle and godfather, Juan de Dios Bojorquez, already an important federal official, resided in the Del Valle District, and it was there that Jorge cultivated his first friendships (with his cousins Juan de Dios and Luis Bojorquez) and joined a group of middle-class teenagers.

One of the boys from Del Valle was named Jose Lopez-Portillo.

Some of the others were Arsenio Farell Cubillas, Mario Calles Lopez Negrete and Arturo Durazo Moreno, although the latter was the poor boy of the group.

It was perhaps during this period that Jose Lopez-Portillo went through some "tough times," during which Diaz Serrano, "a friend since childhood," the president has called him, helped out.

The unquestionable fact is that their friendship lasted, in spite of their divergent professional careers: one was an attorney, the other an electrician.

Diaz Serrano completed his studies at the ESIME in 1941. For 2 years he held down a modest job on the National Irrigation Commission (later the Secretariat of Water Resources) and in 1943 he left for the United States on a fellowship from Fairbanks Morse.



## American Style

This multinational corporation trained the young Mexican engineer for 2 years in Chicago. A brilliant student, he earned an important position in the company: He was its representative in Mexico for 9 years. Furthermore, he later became its national and world sales champion. His commercial skills were confirmed years later when he had the opportunity to sell the country's future.

In 1956, at the age of just 35, Diaz Serrano went into business for himself, as a Pemex contractor, to be exact.

Poza Rica was Mexico's oil center at the time, and superintendent Jaime J. Merino de la Pena ran it for 24 years as his personal fief until he was accused of theft and forced to flee the country.

With the backing of his friend Antonio J. Bermudez, the director general of Pemex at the time, Diaz Serrano got his first major contracts, on concession from Merino. Rafael Suarez Ruiz, the first national leader of oil workers after the expropriation, recalled this in an interview (PROCESO 71), and Merino himself admitted as much (PROCESO 124), going to the extreme of comparing Diaz Serrano, "my friend," with Lazaro Cardenas.

In 1959 Merino was charged with having committed and covered up all sorts of unethical actions to the detriment of Pemex and its workers. Among other things, the investigation mentioned fraudulent activities, such as projects that were never constructed, under contracts awarded to the superintendent's friends.

Merino's years in Poza Rica were years of plundering, repressive violence, "phantom contracts" and "political wells," drilled not to extract oil but to further the presidential ambitions of Pemex director Bermudez.

When the lid came off, the scandal jolted public opinion. The papers were mentioning the then astonishing figure of 500 million pesos in money embezzled from Pemex. The culmination of the affair was the extraordinary public statement that President Adolfo Lopez Mateos made in the midst of the capital's jam-packed main square on 27 September 1960; he said that "there will be neither Merinos nor thieves in our electric power industry."

It was during Merino's last years in Poza Rica that Jorge Diaz Serrano laid the groundwork for his personal fortune and his prominence as an oil man.

Helped along by Pemex contracts, in 8 years (from 1956 to 1965) he set up five separate companies: Electrification Industrial, S.A., Servicios Petroleros, EISA, Perforaciones Maritimas del Golfo (Permargo), Dragados, S.A. and Compania del Golfo de Campeche, S.A.

Permargo was the largest of them and is a prototype of the kind of companies that he set up at the time. It was established on 3 October 1960. According to Public Document 28,867, the original stockholders included, along with Diaz Serrano, George Bush, who was later to become director of the Central Intelligence Agency and is now vice president of the United States.

Diaz Serrano has had close and longstanding ties with U.S. investors and oil men. "Between 1965 and 1970," the former Pemex director's official curriculum vitae says, "he formed in Houston and Galveston, Texas the Golden Lane Trirring Company, which did drilling off the coast of Freeport, Texas and in the Santa Barbara Channel in California."

In addition, today's nationalist candidate for senator represented General Motors for 4 years (1969 to 1973) in commercial transactions involving diesel locomotives and power generating plants.

Despite all of these activities, Diaz Serrano did not fail to maintain his longstanding friendship with Jose Lopez-Portillo. In 1965, when Lopez-Portillo was director of the Federal Boards of Material Improvements, Diaz Serrano asked him to be his youngest son's godfather, which he accepted. The baptism was performed at Diaz Serrano's home in Cuernavaca.

#### A Man Who Has Been Around

When Luis Echeverria Alvarez named Lopez-Portillo as his successor, the appointment of Jorge Diaz Serrano as director general of Pemex was obvious and expected. In addition to their close friendship, Diaz Serrano possessed proven technical ability as an oil specialist.

His status as a private businessman, his business background and his links with U.S. interests did not represent obstacles. All he had to do was resign officially from his companies some months before taking office.

In the view of some people allegedly close to the president, Diaz Serrano's trump card in getting the Pemex director general's post was that he had revealed to then candidate Lopez-Portillo, 6 years ago, the secret that would enable the future chief executive to rescue the country from the economic crisis into which his predecessor had plunged the country.

According to this account, Diaz Serrano placed some sort of a crystal ball on his friend's desk that revealed the existence of gigantic oil deposits in various regions of the country, particularly in the southeast.

Although it is naive to think that Lopez-Portillo, and Echeverria himself for that matter, was unaware of this wealth of resources, the fact is that from the time that Diaz Serrano took over Pemex on

1 December 1976, he operated with an autonomy and a degree of power that can be explained only by his close, longstanding friendship with the president or by his having been the magician who pulled the nation's salvation out of his hat.

During his 4½ years in office, Diaz Serrano acted with supreme overconfidence, and it was on this basis that he ran the nation's number one industry at his whim, as if it were his own.

From his very first public statement at the head of Pemex, on 21 February 1977, Diaz Serrano gave Mexicans good reason to look forward to a marvelous future, while outlining his policy for the industry. Mexico's oil reserves, which were placed at 11 billion barrels until November 1976, "could exceed 60 billion barrels," he said. He also announced that crude oil exports during the 6-year term that was beginning were expected to total 500 billion pesos.

So the miracle was in sight.

A few days later, on 18 March, he confirmed the good news in his first report:

"If we continue along this course," he said at the time, "we can assert without fear of error that we are acquiring the stature needed to think big, to act big and to do big things."

The course that Diaz Serrano was talking about was the unlimited development of hydrocarbons for mass export.

To be sure, this course coincided with the interests of the United States, as would be fully confirmed later on.

It would also become clear that Diaz Serrano was not the only one who knew about the secret of Mexico's oil wealth. The United States Government, through the CIA, knew about it too, and it knew a great many other things as well.

In April 1977, the CIA forecast in a report that in 1980 Mexico's oil output, which at the time was just 900,000 barrels a day, would total 2.2 million barrels a day and that by 1985 it would amount to between 3.5 and 4 million barrels a day.

The first part of the forecast was right on target: In mid-1980 Pemex reported that its output was at 2.2 million barrels a day.

This output increase was of vital interest to the United States. In August 1978, President Carter's national security affairs adviser Zbigniew Brzezinski urged his country's government in a memorandum to the vice president and secretary of state to seek out "possible incentives for Pemex to boost its production capacity."

Meanwhile, Diaz Serrano's euphoria knew no limit. He haughtily ignored the independent voices (economists, researchers, opposition politicians) who warned of the dangers of squandering energy resources, which would, furthermore, seriously compromise the country's economic independence.

Nonsense.

The oil boom was upon us. The figures on "proven," "probable" and "potential" reserves soared, as the discoveries of more and richer deposits magically multiplied.

"Petroleum," Diaz Serrano proclaimed in September 1977, "is like tomatoes or pineapples; either they are consumed or they rot."

Given this premise, any discussion was useless.

And it was based on this premise that Diaz Serrano charted the destiny of Pemex and the country.

His verdict on natural gas was just as categorical. "Either we sell it or we burn it off." There was no other choice. This was his argument for building the gas pipeline to Texas and for defending the project to the bitter end when it triggered controversy.

Later, when the U.S. Government rejected Mexico's letter of intention with private American gas companies, when they "pulled the rug out from under us," as Lopez-Portillo said, another, previously overlooked possibility emerged as if by magic: consuming the gas domestically. So then, the pipeline would extend not to Texas but to Monterrey, where the gas would be used by industry in Nuevo Leon. However, instead of the \$2.60 a thousand cubic feet that the Texans were going to be charged, the domestic price was pegged at just 32 cents a thousand cubic feet, when it cost 40 cents to transport it to Monterrey.

Diaz Serrano maneuvered, manipulated numbers, concealed information and belittled his critics, but he pursued "the course" that had been charted.

He consolidated his position in October 1977. In the midst of the heated controversy over the construction of the gas pipeline, he appeared before the Chamber of Deputies. He won a memorable victory that afternoon when he announced to the entire country: "Mexico is rich."

It was, as he termed it, "one of the most important pieces of economic news this century." We have enough wealth in our subsoil not just to resolve Mexico's current economic problems, but also to create "a new and permanently prosperous country, a wealthy country in which the right to work will be a reality."

And while the euphoria of oil abundance pervaded the Mexican people, the U.S. Government was rubbing its hands in glee. And so, of course, was Jorge Diaz Serrano.



## Gun in Hand

While the U.S. Government and the governments of the other oil-consuming nations began building up enormous strategic reserves of crude oil to subsequently shatter the hegemony of the exporters in the marketplace and while Mexico collaborated with its oil (as the Pentagon revealed) in beefing up the U.S. reserves, the Mexican Government was making ready to "administer the abundance."

Diaz Serrano was still supremely confident:

"We Mexican oil men," he said in his report on 18 March 1979, "realize the juncture that we are at and we recognize the sweeping change that the discovery and sound utilization of our oil wealth will mean to the destiny of our country. A great responsibility, an enormous task. But we have faith in Mexicans; we have faith in our oil men; we have faith in Jose Lopez-Portillo."

From that point on, Diaz Serrano's efforts focused on eliminating all obstacles to an increase in Pemex's output and exports. On this vital point and on many others, he met with resistance from a segment of the president's cabinet, a segment headed by the secretary of patrimony and industrial development, Jose Andres de Oteyza, who was also chairman of the Pemex Board of Directors.

Oteyza wanted the government to set an oil production ceiling. Diaz Serrano wanted a free hand, no limits. The two officials waged a serious battle. So much so, in fact, that President Lopez-Portillo had to tell them to quiet down, along with the editor of a newspaper who supported Diaz Serrano's position, at a closed door meeting in Queretaro, where the chief executive was on a working tour.

18 March 1980 was a key date in this struggle, which was of vital importance to the country. In his report, Diaz Serrano was once again euphoric in his tone and asserted that oil production had to be raised (it was already above 2 million barrels a day), to which end, he said, Pemex would have to boost its output capacity. He chose his words carefully:

"Perhaps we ought to think about gradually boosting production capacity, rather than just production," he said.

President Lopez-Portillo immediately announced the Mexican Government's decision to set the production ceiling at 2.5 million barrels a day. He set the export ceiling at 1.5 million.

The relative setback that this decision dealt to Diaz Serrano's aims did not prevent the Pemex director general from pursuing his supremely self-confident course. It was around this time that the world press often referred to him as "Mexico's number two man." Such were his prominence and power.

It was in February 1981 that he reached his peak and his tacit presidential ambitions (which he had revealed only to close friends) took shape.

The keynote speaker at the Fourth Meeting of the Republic on 5 February 1981 in Hermosillo, Diaz Serrano was presidential in his tone:

"The Mexican Revolution is not over, and the constitution is not a lifeless text, because these institutions give us a fresh new impetus, and the problems besetting us do not overwhelm us, regardless of how difficult they might be. This is a decisive moment, in which it is within our power to start our takeoff."

He also said, presidentially, that "the Mexican Government will continue to assert its leading role alongside blue-collar workers and peasant farmers and will cede to no one its right to control the country's economy and to directly manage the basic resources that the constitution confers on it."

He also spoke on his own behalf:

"Let us leave behind the era of timid, minor projects and begin looking to broader horizons, because we have the ideal tools at our disposal and because we are determined not to squander them through carelessness or otherwise."

The country was safe and sound, and he, modestly, was the miracle-worker.

A little more than a month later, on 18 March 1981, he reaffirmed his supreme confidence and laid it on thick:

"You," he told President Lopez-Portillo in his report, "are the cause of Mexicans' political confidence, of the oil boom and of the resurgence of the country's economy."

"There are enormous differences between the Mexico of late 1976 and the Mexico of today. We used to be a country filled with anguish; today we are a nation that is certain of its destiny."

Diaz Serrano seemed certain of his own destiny in those euphoric days. All he had to do was wait.

Because of My Clumsiness

On 25 May 1981 PROCESO published the substance of a study by analysts from the Secretariat of Programming and Budget.

According to the study, reporter Carlos Ramirez wrote, Pemex is a state-run enterprise that does pretty much whatever it chooses to, that overrides laws, regulations and official controls and that is characterized by corruption, vanishing money and chaotic internal finances.

The study covered up to August 1980. It straightforwardly lists Pemex's woes: "gradual financial deterioration," "diminished short-term solvency," autonomy in the handling of finances, plans, programs, contracts; sizable amounts of money vanishing because of archaic monitoring and corruption; programs without official supervision (either of the sector they are under or even by the Federal Government); programs behind schedule and with cost overruns; reports, documents and figures that the Secretariat of Programming and Budget finds not at all reliable; disorderly management of revenues and expenditures, among many other things.

The Secretariat officially denied that the study in question was an official document (something that Ramirez did not say in his article), but at the same time it confirmed the existence of the study, albeit as a "preliminary work."

Its publication uncovered the administrative and financial disaster into which Jorge Diaz Serrano, the paladin of national abundance, had plunged Pemex.

Ensuing developments triggered his thunderous fall from power.

On 1 June 1981, less than 3 months after he had exaggerated Mexico's oil boom in his annual report, Diaz Serrano stated:

"A sellers market is now becoming a buyers market. So then, the buyers have the strong hand now, and what used to be a silent struggle in the marketplace is turning into an open struggle."

To accomplish this, countries like the United States had stored up billions of barrels of oil in their reserves. The shoe was on the other foot now, and oil prices had to be cut.

The confident tone was gone from Diaz Serrano's words that afternoon as he accompanied Jose Lopez-Portillo on board the vessel on which they were celebrating Navy Day. "We emerged as exporters," he said, "at a time when the exporters were in control. The shoe is on the other foot now; the situation has changed, and we have to live through this other side of the marketplace so that we can return, we hope, to a less fluctuating, more national market."

For the time being, he decided on a \$4 a barrel cut in Mexican oil prices and so informed the U.S. buyers.

His dreams of the future were going up in smoke, and in fact they did.

On 6 June 1981, Jorge Diaz Serrano resigned as director general of Pemex.

"Inasmuch as my decision to reduce the price of crude oil did not meet with the unanimous approval of the economic cabinet," he said in his letter of resignation to Lopez-Portillo, "and since I do not wish to become a factor of discord, I choose to submit to you my irrevocable resignation..."

This unexpected development was followed by complete official secrecy as to the reasons for Diaz Serrano's removal. He was succeeded by Julio Rodolfo Moctezuma.

Secretary Oteyza clarified little or nothing during his almost 7-hour appearance before the Standing Committee of the Congress of the Union on 16 June. The head of the Secretariat of Patrimony and Industrial Development (SEPAFIN) sidestepped time and again the questions of the legislators concerning the reasons for Diaz Serrano's resignation and what role the Pemex Board of Directors, which Oteyza chairs, had played in the decision to cut oil prices.

"Regardless of whether or not the move was sound, it was hasty," Oteyza merely said.

Almost a month of silence passed before anything more was learned about the affair. And it was President Lopez-Portillo himself who broached the issue at a press conference on board the presidential plane Quetzalcoatl I on 10 July. After describing the Diaz Serrano incident as "extremely painful," the chief executive said:

"You know that Jorge Diaz Serrano has been a friend of mine since childhood. He helped me in tough times during my life and I have great admiration and respect for him. He has unquestionably been an extraordinary civil servant, and the job that he did in Pemex made news in Mexico and all over the world.

"What Pemex did under Jorge Diaz Serrano was extraordinary, but the time came when circumstances changed, and he made a hasty decision."

Lopez-Portillo then talked about the change on the world oil market and the OPEC decision. He said that Diaz Serrano told him that OPEC was cutting prices "and that we also had to cut them. I understood what he was saying. I agreed and told him: I agree that we should begin cutting prices, but we have a commitment to weed out clients from our list. That's what we're going to do and we're going to have a meeting with the economic cabinet so that you can give us the details and so that we can decide what ought to be done."

"The meeting took place 2 days after our conversation, but before that I met with Diaz Serrano and some other officials to see how the situation stood. Jorge then told me that the cut was \$4. No, no, I said, that's what we're going to talk about with the economic cabinet. I can't, he replied, because the cables have already gone out. Well,



I remarked, but the meeting was to decide on the details and comply with prior commitments. What commitments? To weed out clients from the list and to set the amount of the cut.

"Maybe our meeting would have decided on \$4, but the decision-making system did not permit the kind he made, and it turned out that a \$4 cut was too much, because it left us with no maneuvering room. Under these circumstances, the economic cabinet was, of course, not pleased with his decision. I happen to head up the economic cabinet. It's my economic cabinet. That is what happened, gentlemen."

The president amplified on his remarks. He said that Diaz Serrano's decision was not "arbitrary." "He later gave me this explanation: 'The important thing, historically, at this moment is to keep our clientele.' And from a commercial standpoint he's right. At this moment, if Mexico were an oil company, the important thing would be to keep our clientele. But it so happens that Mexico is not just a seller of oil; it is a country with programs and principles. And at this moment, precisely at this moment, granted the short-term risks, the important thing is to uphold our principles, not to keep our clientele."

Jorge Diaz Serrano headed home with his ambitions shattered, his magical plans and his supreme confidence in shreds. Sitting on the sidelines, he saw Miguel de la Madrid, Lopez-Portillo's secretary of programming and budget, anointed as the president's successor.

So That You Remember Me

On 5 October, 4 months after his resignation from Pemex, Diaz Serrano was appointed Mexico's ambassador to the USSR by his friend Lopez-Portillo.

He could once again breathe easy.

He began preparing his political comeback. On 8 October he confided that he had very good relations with Miguel de la Madrid and offered his cooperation. "I hope that he can find a spot for me."

In the interview he said with great assurance that by the time he quit Pemex, "I had already completed my program." He also said, with great assurance, that he would continue in politics until he died and that he "chose" the USSR for his debut as a diplomat because of the country's historic importance, not because it was the world's leading oil producer, and because "I hope to learn Russian so that I can read Leo Tolstoy in the original."

Four days later, he visited the presidential candidate in the PRI's offices. The papers said that the former Pemex director arrived in the company of 11 bodyguards and Francisco Galindo Ochoa. As he left he stated:

"I want to return to politics in my country. But...Miguel de la Madrid, my friend, has the floor."

Diaz Serrano denied that his appointment as ambassador would mean political exile. He said, smiling: "If that's how the political jungle is, that's fine with me."

So Diaz Serrano packed his bags and after a dinner given in his honor by his most loyal friends at Abel Quezada's home, he left for Moscow on 26 October.

His diplomatic mission lasted 5 months.

During this time, nothing, absolutely nothing was heard about the ambassador's activities. Upon his return, he commented to his close friends at another dinner that his stay in the USSR was very pleasant. He finally got the opportunity to become thoroughly acquainted with the Soviet Union, which he had visited only on isolated occasions before. He was able to become thoroughly familiar with the pictorial art in its museums.

Jorge Diaz Serrano is a painting enthusiast and a great collector. In his house in Las Lomas in Mexico City, he has an unusual personal gallery along a more than 50-meter long corridor that runs from his office to the swimming pool area. Both walls are covered with paintings, mostly Riveras but also works by Picasso, Velazquez, Van Gogh and Atl. He also owns a splendid collection of Chinese marble.

There was a specific reason for his return to Mexico and a very important one for him: PRI nominated him as its senatorial candidate from Sonora.

He was once again actively involved in politics.

The fact that he had left his birthplace of Sonora for good did not represent the slightest obstacle.

"I don't think that you have to be living in this or that place to be from Sonora," he said self-assuredly during an interview in Hermosillo after returning from Moscow to deliver his candidacy acceptance speech. "There are people who live their whole lives in a town and nonetheless know very little about it, thus becoming total strangers because of their egoism or indifference. Likewise, some people can live away from their hometown and know a lot about it and therefore have deeper roots there."

What matters is that he is there now, in Cananea no less, kicking off his election campaign.

"Accept my enthusiastic greetings," he says at the outset of his speech, imitating the peculiar intonation of politicians. "We men from the north speak frankly and directly, and that's why we understand each other. There are no words wiser than simple words."

## 'Setback' Denied

Mexico City PROCESO in Spanish 26 Apr 82 pp 8-9

[Article by Francisco Ortiz Pinchetti]

[Text] Cananea--Jorge Diaz Serrano, PRI's candidate for senator from Sonora, contradicted here the president's explanation of the reason why he resigned as Pemex director.

President Jose Lopez-Portillo explained 9 months ago that Diaz Serrano resigned on 6 June 1981 because he made a "hasty decision" on cutting Mexican oil prices, which placed commercial interests ahead of national principles.

Diaz Serrano categorically and "absolutely" denied, however, that any mistakes had been made during the time he headed up Pemex.

The senatorial candidate began his campaign in this town in northern Sonora. During his prior visit to Hermosillo and then here he constantly avoided newsmen and sidestepped uncomfortable questions. The press conferences that his campaign coordinators said would be held never were. Diaz Serrano cleverly chose to pay "courtesy visits" to the editors of the papers published in the state capital.

At the close of an outdoor meal that brought his 2-day visit to Cananea to its end, Diaz Serrano was approached by PROCESO as he was walking to his car.

[Question] What does your candidacy mean to you as part of a public career during which you achieved a position as high as director general of Pemex?

[Answer] It's a great honor. This is a position in which you can continue to work on very clear-cut national problems.

[Question] Does it represent your political rehabilitation after the slip-up in Pemex?

[Answer] Not really. There was no slip-up. The incident that you're talking about never happened. The government, the system moves its men around as it sees fit. This was just a question of party discipline, discipline as a government official. I spent 5 busy months as ambassador to the Soviet Union, an extremely important post. As far as I am concerned, this was what happened.

[Question] So there were no slip-ups, no mistakes then?

[Answer] No, absolutely not.

[Question] Could what President Lopez-Portillo described as a "hasty decision" be interpreted to the effect that a serious mistake was made in the administration of Pemex?

[Answer] I already explained very clearly to you how the situation was (He was obviously annoyed). I would appreciate it if you went by what I have told you.

[Question] But the president...

Diaz Serrano did not want to hear any more. He literally fled amid his supporters bidding him farewell. He got in his car and was off for the airport.

That was the final scene in the first stage of his campaign. A great deal of money had obviously been spent during these 2 days to make him look good, but his visit was taken lightly, at best.

Cananea, its walls and posts adorned with the candidate's banners, received Diaz Serrano and the other Sonora senatorial hopeful, Fernando Mendoza, very coldly, in keeping with the region's chilly climate.

His party, consisting of Sonora politicians, friends, relatives and local newsmen, traveled from Hermosillo in seven light planes rented specifically for that purpose. Diaz Serrano arrived in a private plane, an eight-seater Beechcraft.

In Cananea, the caravan of vehicles accompanying the candidates eventually numbered 28 cars and station wagons, and their retinues filled the three motels on the outskirts of town.

There was only one public ceremony, the startup of the campaign, which was held in the auditorium of Section 36 of the Miners Union. The auditorium seats 550, but even when the workers from the Cananea Mining Company were brought in, it did not fill up completely.

In contrast, the auditorium was covered with bright broadsheets expressing support for the candidates, identical broadsheets. Only the name of the ejido distinguished them: Arizpe, Bawamichi, San Felipe, Huepac, Aconchi, Culuaire...The broadsheets were there but not the peasant farmers. We later learned that the bad weather had hampered transportation.

The PRI's state leaders were notable in their absence from the ceremony. The chairman of the party's municipal committee, Gildardo Monge, had to preside. The delegate of PRI's National Executive Committee in Sonora, Luis Leon Aponte, did not attend either.

The biggest ovation at the ceremony went to Mrs Adriana Serrano, the widowed mother of the former Pemex director. She was wearing the "badge of the fatherland," the decoration awarded her in recognition of her courageous participation as a volunteer nurse during the Villa attack on Hermosillo, which was occupied by Carranza's people, in 1915.



Diaz Serrano read a colorless speech full of nationalistic phrases and references to the Mexican revolution, of which Cananea was a historic precursor. Much more exciting was the address by the other candidate, Fernando Mendoza, whose oratorical gifts have been well-known since he served as a "jilguero" in Lopez-Portillo's campaign.

Aside from this ceremony, his visit was limited to private meetings, luncheons and dinners, at which the presence of Diaz Serrano's bodyguards could not have been more obvious. Clearly armed, they were stationed outside, at doors and inside or accompanied their boss en masse.

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CSO: 3010/1498

## REAGAN AID PLAN CRITICIZED AT TRADE CONFERENCE

PA151354 Panama City ACAN in Spanish 2128 GMT 13 May 82

[Excerpts] Panama City, 13 May (ACAN-EFE)--The Reagan "plan of assistance" came under strong criticism on the part of the government and private enterprise of Panama at the opening today in this capital of the conference on trade and development in the region.

The meeting, which was initially planned to be opened by Panamanian President Aristides Royo, was attended instead by Minister of Commerce and Industry Raul Brostella in representation of Royo.

The organizers of the event, which was convoked by business enterprises of Panama and sponsored by the Panamanian Government and the U.S. Embassy, told newsmen that Costa Rican President Luis Alberto Monge will not come to the closing of the event scheduled for tomorrow.

The conference was opened by Dulcidio Gonzalez, president of the National Council of Private Enterprise of Panama (CONEP), who denounced the imbalances between the philosophy and intent of U.S. President Ronald Reagan with regard to Central America and the Caribbean Basin and what the technocrats of his government did on drafting the plan.

Gonzalez, who favors a large-scale economic development plan for the region, is concerned because the Reagan plan does not allow the economic consolidation of nations or of investors in the region in the announced 2-year period.

Regarding the possibility that the U.S. market may close its doors to the Caribbean-Central American industry, Gonzalez said that no government can contribute to accepting demands that affect the privacy of the banking system.

The CONEP president expressed the hope that the United States will undertake direct presidential talks with the rest of the presidents of the area on the application of the program.

Other leaders of Central America had been invited to the event in addition to Royo and Monge, but they excused themselves for various reasons.

The conference is being attended by 300 delegates from the United States and countries of the region, including Nicolas Ardito Barletta, (former Panamanian planning minister) and vice president for Latin America of the World Bank, and Maurice Ferre, mayor of Miami.

CSO: 3010/1577

COLUMNIST ALARMED OVER SALARY SCALE 'MANEUVERS'

PA141505 Panama City MATUTINO in Spanish 13 May 82 p 4A

["Vox Populi" column by Luis Restrepo: "On the Alert"]

[Text] I have reliable information regarding the "Zonians" sadistic and obscure maneuvers to maintain the dual salary scale, which affects the economic interests of thousands of Panamanian employees in the canal area.

Once again, I have received detailed information from my U.S. informants about the "Zonian" plot. This is part of what we talked about. My U.S. reporters said to me:

"We have learned that Ray Lavery has recommended to Gen Dennis P. McAuliffe, administrator of the Panama Canal Commission [PCC], that the discriminatory salary scale in effect since 1 October 1979 be maintained despite the protest of the Panamanian Government and Panamanian representatives on the PCC Board of Directors."

The U.S. informants added: "According to Lavery, Panamanians affected by this discrimination do not have the support of the PCC's labor unions. These unions are managed by U.S. citizens, who are not affected by the lower salary scale. According to Lavery, without this support the only thing left for employees to do is to resign, with the risk of long-term unemployment or a lower-paying job. Lavery recommends that no more Panamanians be hired and that Central American workers, especially Salvadorans, be hired instead.

"We have studied the lists, and we can say that about 3,000 Panamanian employees of the two U.S. agencies [the PCC and the U.S. Armed Forces] are subject to discrimination, my informants concluded.

Now, what Lavery does not know is that Panamanian labor unions are on the alert, getting ready to express solidarity with their brothers who are being subjected to salary discrimination in the PCC and the armed forces.

If the PCC labor unions do not provide support, the rest of the organized labor unions in Panama and student organizations are willing to do so.

Spokesmen for Panamanian labor unions have said that "with this support, the Panamanian employees who are being discriminated against will be able to overcome their union leaders and take the necessary steps to eliminate the system of discrimination that currently exists within the PCC and the U.S. Armed Forces."

From other sources, also spokesmen for Panamanian labor unions, we learned that "we will exercise maximum pressure on the Labor Ministry so that labor unions managed by U.S. citizens will be declared illegal, since the treaty only granted them 30 months to conform to Panamanian labor laws or settle their accounts and leave the country."

All labor unions not complying with Panamanian labor law, which calls for a majority of Panamanian members and strictly Panamanian leaders, are in our country illegally, according to the union spokesmen.

When I explained what was happening, they replied: "Lavery is wrong. He is misleading administrator McAuliffe when he tells him that labor-management relations in the PCC and the armed forces are very quiet."

As the number of Panamanian workers affected by salary discrimination has grown, the chance of an explosion has increased. The time is near. We do not want any regrets later.

CSO: 3010/1577



## BRIEFS

ANTI-IMPERIALIST TRIBUNAL BRANCH--A "Panamanian branch" of the Anti-Imperialist Tribunal of Central America and the Caribbean (TAC) has begun its work, noting that "North American aggression in Central America is now taking on the characteristics of a test of force, designed to impose the perspective of the Reagan administration's fascist sectors," to the effect that "no Central American country in particular nor any Latin American nation, generally, should be allowed to choose any destiny except that selected for it by the northern empire." The Panamanian branch of TAC is led by Rogelio Sinan as president and Rafael Gonzalez as provisional executive secretary. It is composed of a group of Panamanians who, as an organizing cell, promote its work, including Carlos Calzadilla, Moises Torrijos Herrera, Juana Camargo of the Federation of Panamanian Students, Bertalicia Peralta, Ricaurte Soler, Carlos Wong Broce, Dr Juan Mejia, Moravia Ochoa Lopez, Elvia Jaramillo de Guzman and other persons and organizations. In its document, TAC points out that it is composed of persons with highly varied philosophical views and with different levels of civil and political militancy, who are united by their rejection of military and economic aggression as a way to solve controversies between states and by total and absolute conviction in the right of peoples to choose the political and social organization best suited to their development, without interference of any sort. [Carlos J. Nunez L.] [Text] [PA170003 Panama City CRITICA in Spanish 13 May 82 p 5]

GDR OFFICIALS VISIT--Two high-ranking GDR Foreign Ministry officials visited Panama on their way to Mexico and Nicaragua. They are Bernhard Neugebauer, deputy minister of foreign affairs, and Gerhard Korth, deputy chief of the Latin America department in the Ministry of Foreign Affairs. During their stay in Panama, the two GDR officials were accompanied by Jose Maria Cabrera, vice minister of foreign affairs; Augusto Villareal, director of the European department in the Ministry of Foreign Affairs, and officials from the Institute for the Training and Use of Human Resources (IFARHU). The GDR diplomats paid official visits to Argentina and Peru before coming to Panama. During this brief visit the two GDR officials met with government representatives and spoke about world events and the relations between the GDR and Panama. Regarding the situation in the South Atlantic and the latest events in that area, the GDR delegation expressed their solidarity support for Argentina, their condemnation of the British aggression, and agreed with Panama on the need to eradicate the anachronistic phenomenon of colonialism. Both countries expressed hopes for a prompt solution to the conflict, through the peaceful means prescribed by international law and the U.N. Charter. [Text] [PA171601 Panama City LA ESTRELLA DE PANAMA in Spanish 16 May 82 pp 1, A-14]

CUBAN, SOVIET HONOR TORRIJOS--Roberto Veiga and Nikolay Polozov, heads of the Cuban and Soviet delegations to the National Central of Panamanian Workers' Sixth Congress, placed a floral wreath on Gen Omar Torrijos' tomb. Veiga, who is secretary general of the Central Organization of Cuban Trade Unions, and Polozov, who is a leader in the All-Union Central Council of Trade Unions, paid tribute to Torrijos on behalf of all the representatives who participated in the congress. [Text] [PA161918 Havana International Service in Spanish 1800 GMT 16 May 82]

CUBAN ADDRESSES WORKERS' CONGRESS--Our solidarity with Panama in its struggle against imperialism is not only pure and unselfish but also unconditional, said Roberto Veiga, secretary general of the Central Organization of Cuban Trade Unions. The Cuban trade union leader made a much applauded and cheered speech last night at the sixth congress of the National Central of Panamanian Workers which is being attended by delegates from all over Panama and by foreign guests. In his speech, Veiga recalled that in the hard and difficult years, Panama did not wait for anyone to give it permission to exercise its sovereign right to establish diplomatic ties with Cuba. Veiga stressed that the United States will not be able to divert Cuba from the course it has taken. We will never accept its ideology, we will never be dazzled by its wealth, we will never be destabilized by its actions, we will never be frightened by its might, Veiga emphasized. [Text] [FL151223 Havana Domestic Service in Spanish 1100 GMT 15 May 82]

U.S. LAWYERS' APPOINTMENT--In an outright violation of the Torrijos-Carter treaty and against the dignity and will of the Panamanian people, Dwight McKabney, the "Zonian" chief of the Panama Canal Commission office of general counsel, has appointed two U.S. lawyers to his office. These appointments violate the mandate that priority in filling vacant commission positions be given to Panamanians, especially in key positions where Panamanians can acquire the experience needed to operate the canal in the manner outlined by the treaties. MATUTINO reporters found that McKabney is a member of the Mike Gordon-Fred Cotton-Raymond Lavery-Richard Morgan mob. These men devote themselves to rejecting the treaties, in opposition to Panamanian dignity. These same enemies of our people sow negligence and hatred among the two peoples and direct espionage operations through a covert police agency in the so-called "liaison office." Regarding McKabney's most recent violation, it must be pointed out that there are many capable, competent lawyers in Panama who could have filled those commission vacancies. [Text] [PA141414 Panama City MATUTINO in Spanish 13 May 82 pp 1, 8-A]

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## SEVERAL ASPECTS OF 1981 ECONOMIC PERFORMANCE ANALYZED

## Economic Performance

Asuncion HOY in Spanish 14 Feb 82 pp 4-5

[Text] The growth of Gross Domestic Product [GDP] by only 8.5 percent was the result of the various problems which overwhelmed the economy of the country in 1981. Although the authorities insist that there was no economic recession, official statistics showed a contraction of foreign trade, a deceleration of the rate of growth of international reserves, a contraction in money supply, and a fiscal deficit whose total has still not yet been made public.

The GDP, the principal indicator of economic growth, increased by 8.5 percent in 1981, by contrast to the rate of 11.4 percent reached in 1980. GDP growth in 1981 was the lowest recorded in 5 years. GDP growth was 7 percent in 1976, 12.8 percent in 1977, 10.9 percent in 1978, 10.7 percent in 1979, and 11.4 percent in 1980.

GDP calculated in terms of 1977 constant prices rose from 360.383 billion guaranis in 1980 to 391.024 billion guaranis in 1981.

On the other hand Net International Reserves rose by 4.3 percent in 1981, going from \$749 million in 1980 to \$781.26 million as of the end of December 1981. In this case also the rate of growth was substantially less than that of the previous years: 35 percent in 1976, 71 percent in 1977, 69 percent in 1978, 36 percent in 1979, and 26 percent in 1980.

However, the decline in economic growth had its roots in a series of external and internal factors which disturbed the productive sectors of the economy and undermined trade.

Some of these decisive factors were the excessive rise of the dollar on the free market, which exercised a negative influence on trade with Argentina, and the decline of foreign tourism to Paraguay, which reduced the receipt of foreign exchange and led to a crisis in the handicraft, industrial, commercial, and hotel services sectors, which depend almost exclusively on tourism.

Another of these serious problems was the sharp contraction in the money supply, which in December 1981 amounted to 16 percent. There was a reduction of 26 percent between April and December 1981.

The shortage of ready money led to a liquidity crisis among businessmen, principally in commercial enterprises and in the textile and ready-made clothing industries, which found themselves strangled on the one hand by the slowness in the sale of their products and, on the other hand, by banking charges to meet their financial obligations.

Into this snare a number of industrialists also fell when they had recourse to short-term loans to finance their fixed charges but who could not repay their loans in time, as they had done in previous years when there was greater dynamism in the economy.

In part the growth of stocks of merchandise on hand led to aggressive competition for the domestic market, which was to the benefit of consumers, who were able to obtain more favorable prices. The inflation recorded by the Central Bank in 1981 was only 13 percent, by contrast to the level of 22.4 percent in 1980 and more than 28 percent in 1979.

Nevertheless, the decisive factor seems to have been the reduction in the level of activity and the employment of resources on the Itaipu project, which coincided with the delay which occurred in the award of the principal civic works projects in Yacyreta and in the repayment of international loans concerning the latter.

A large-scale construction infrastructure had been developed for the Itaipu project and in the expectation of the Yacyreta projects, which involved the investment of millions of guaranis. In 1981 this infrastructure investment declined to a point where it was only a minor kind of activity. This does not take into account the growing unemployment of unskilled labor which was employed on the Itaipu projects and by the contractor and subcontracting firms.

No relief was to be found in 1981 in the increase in the construction of high-rise buildings in Asuncion, which meant work for thousands of workers, income for many construction enterprises, and considerable investments. This activity reached a high point and began to decline.

In a certain sense the employment of large-scale, idle capital in the construction of buildings as a better investment option led to a kind of saturation in the demand for offices in the city of Asuncion, which made investors lose interest.

Meanwhile, the trade deficit continued its uncontrollable course. Exports declined by 5 percent, and imports stagnated, principally as a consequence of a well-known deterioration in trade with Argentina.



## Bank Loans

Asuncion HOY in Spanish 14 Feb 82 p 4

[Text] Private commercial banks granted loans for a total of 205.583 billion guaranis, of which 51.7 percent were for the commercial sector and only 38.5 percent were for agriculture, cattle raising, industry, and exports.

Of the total number of loans granted during the year 51.7 percent were for the commercial sector, which received loans amounting to 106.413 billion guaranis; 17.2 percent were to finance exports, totaling 35.403 billion guaranis; 16.6 percent were for the industrial sector, amounting to 34.147 billion guaranis; 1.92 percent were for the livestock sector for 3.953 billion guaranis; 1.1 percent were for construction, amounting to 2.078 billion guaranis; and 8.6 percent were for other purposes, amounting to 17.837 billion guarani.

Loans for commercial and other purposes, which principally include personal loans, as a whole received 60.3 percent of the credit extended, while other and eminently productive sectors such as agriculture, cattle raising, and industry accounted for only 21.4 percent of the loans.

In terms of the distribution of the loan portfolio, whose total amount was 85.398 billion guaranis by the end of December 1981, 42.6 percent was for commercial loans; 24.2 percent for the industrial sector; 15.7 percent for the export sector; 4.8 percent for agriculture; 3.1 percent for cattle raising; 1.7 percent, for construction; and 7.6 percent for loans for other purposes.

## Savings

Savings deposits in the banking system increased by 44.2 percent in 1981. Total figures went from 38.023 billion guaranis in December 1980 to 54.864 billion guaranis in December 1981, an increase of 16.841 billion guaranis in absolute terms.

On the other hand deposits in the Home Savings and Loan System increased 19.69 percent in 1981, when the total amount went up from 19.974 billion guaranis in December 1980 to 23.907 billion guaranis in December 1981. The increase in absolute terms was 3.933 billion guaranis.

Domestic savings represents a substantial amount of financial resources which, nevertheless, are only very precariously channeled toward the productive sectors. The private banks use savings fundamentally to finance trade, and even loans to industry or agriculture are earmarked for circulating capital and not for financing capital investments.

## Foreign Trade

Asuncion HOY in Spanish 14 Feb 82 pp 4-5

[Text] The 1981 trade balance showed a deficit of \$210.5 million, a figure slightly higher than the deficit of \$206.9 million in 1980. In 1981 exports declined by 4.9 percent and imports declined by 2.1 percent.

The FOB [Free on Board] value of exports totaled \$295.5 million, or less than the \$310.2 million exported in 1980 and the \$305.1 million exported in 1979. In large part the decline was related to the decline of 8.2 percent exports to Argentina, which went down from \$74.18 million to \$68.5 million, although volume went up by 24.99 percent, going from 171,670 tons to 214,571 tons.

The principal export commodity in 1981 continued to be cotton fiber, valued at \$129.2 million, or 22 percent higher than the \$105.8 million exported in 1980. In 1981 cotton fiber amounted to 43.7 percent of total exports.

On the other hand soybeans were in second place, amounting to 16 percent of total exports, displacing timber to third place. Soybeans were valued at \$36.3 million, a figure 82.6 percent lower than the \$66.3 million that timber brought in during 1980.

Other products in order of importance were soybean cakes and "expellers," tung oil, essential oils, cowhides, tobacco, and quebracho extract. All of these products brought in more than \$5 million.

Regarding countries which were the principal markets for Paraguayan exports, Argentina in 1981 was in first place with \$68.5 million, followed by Brazil, Germany, Japan, the United States, Switzerland, and the Netherlands, exports to all of which totaled more than \$10 million.

Imports in 1981 in FAS [Free Along Side] terms totaled \$506.1 million, a lower figure than the \$517.1 million imported in 1980. This well-known decline, taking into account the high rates of growth of exports in previous years, is also in large part due to the deterioration in trade with Argentina. Imports from Argentina declined by 6.3 percent in 1981, which in absolute terms amounted to a decline of \$6.3 million, although in this case also the volume of imports rose by 17 percent.

In 1981 imports were led by machinery, equipment and motors, which amounted to \$107.7 million and accounted for 21.2 percent of the total. Fuel and lubricants were displaced to second place, amounting to \$94.5 million, followed by transportation equipment and accessories, beverages and tobacco, and food products, which were the principal categories.

Regarding imports by country, Brazil was the principal source of imports in 1981 with a value of \$131.2 million, which was less than the \$140.5 million imported from Brazil in 1980. Following in order of importance were Argentina, the United States, Japan, Germany, Algeria, Great Britain, and Uruguay, all of these countries accounting for \$15 million in imports in FOB value.

## Money Supply

Asuncion HOY in Spanish 14 Feb 82 pp 4-5

[Text] The drastic reduction in the money supply in the second half of 1981 was reflected in the statistics of the Central Bank, which indicate a contraction of 26.1 percent between April and December, with 13 percent of the reduction occurring between May and November 1981.

These figures are significant when compared with a growth of 22.3 percent in the money supply in 1980 and even an increase of 25.58 percent in the stock of banknotes in 1980. The monetary crisis of 1981 has nothing to compare it with, at least during the past 10 years.

The stock of banknotes in circulation declined from 90.336 billion guaranis at the end of December 1980 to 90.224 billion guaranis in December 1981, an imperceptible decline.

Nevertheless, between those two dates the statistics indicate that the stock of banknotes in circulation continued to grow to 96.716 billion guaranis in May 1981, at which point it began to shrink to 85.588 billion guaranis in November (a decline of 13 percent). Only in December 1981 did it regain a level of 90.224 billion guaranis.

The principal cause of the decline in the stock of banknotes in circulation may be found in a considerable reduction of government deposits with the Central Bank, amounting to 147.4 percent, with the figure going from 22.827 billion guaranis in January 1981 to only 9.226 billion guaranis in November 1981.

The deposits by state institutions [Entidades Autonomas] were reduced by 45.2 percent between January and December, when the figures went down from 3.208 billion guaranis to 2.208 billion guaranis.

Banknotes and coins in circulation were reduced by 17.6 percent between May and November, when the figures went down from 35.736 billion guaranis to 30.377 billion guaranis. However, in December the total went up to 34.369 billion guaranis, indicating an increase of 1.9 percent compared to the 33.712 billion in circulation in December 1980.

The turn of the tide in terms of the stock of currency in circulation in December 1981 was fundamentally due to a substantial increase in legally required and current account bank deposits, amounting to 23.9 percent and 189.8 percent, respectively, between January and December 1981.

The stock of currency in circulation went from 83.574 billion guaranis in December 1980 to only 71.871 billion in December 1981, a reduction of 16.2 percent, whereas the decline between April and December reached 26.1 percent.

Banknotes and coins in the hands of the public were reduced by 20.8 percent between May and November, and the total amount of official and private deposits which could be drawn on by check declined by 13.3 percent between January and December.

However, the major contraction of the stock of currency in circulation was caused by a reduction of official deposits which amounted to 107 percent between January and December, since private accounts were only reduced slightly in the same period.

In general the reduction both of currency in circulation and money supply was the result of extraordinary reductions in official deposits in current bank accounts to cover a budgetary deficit.

#### Fiscal Deficit

Asuncion HOY in Spanish 14 Feb 82 p 5

[Text] The current stage in the implementation of the budget shows a deficit of 16.607 billion guaranis in 1981. This is indicated by official statistics on "fiscal receipts from ordinary sources" and "fiscal expenditures that have taken place." These figures indicate a fiscal deficit for 1981 which has officially not yet been made public. This is a fiscal deficit which is unprecedented in recent years, although it was foreseeable with the rapid decline in the surpluses in the past years.

The deficit of 16.607 billion guaranis resulting from current receipts and expenditures in 1981 is a substantial amount of money. At the same time it is significant to note that this deficit in 1980 was only 2.534 billion guaranis and in 1979 we had the last budgetary surplus, amounting to 4.625 billion guaranis.

Tax receipts from ordinary state income, which went from 48.069 billion guaranis in 1980 to 54.478 billion guaranis in 1981, grew by 13.3 percent, equivalent to 6.409 billion guaranis. Meanwhile, actual expenditures, which went from 50.603 billion guaranis in 1980 to 71.085 billion guaranis in 1981, increased by 40.4 percent, equivalent to 20.483 billion guaranis. The inadequacy of receipts to cover public expenditures has also been noted in the extraordinary withdrawals from central government deposits in 1981, which led to a sharp contraction in the stock of money in circulation and in money supply.

The same thing has been seen in the general budget of the central administrative services of the government, approved for the present fiscal year, in which programmed expenditures and receipts are balanced. This comes down to a deficit budget.

This is why the government is considering a series of fiscal measures, such as changes in the tax laws and the system of capital exemptions, to try to contain a deficit in the budget for this year.



The government concern is justified, considering the corrosive effects an uncontrollable deterioration in public finances could have on the country's economy. The only thing is that corrective measures were not adopted until the country was faced with a fait accompli, in the form of the deficit for 1981, when the deficit could have been foreseen several years ago. In large part the solution would rest in ensuring that the substantial volume of illegal trade in merchandise and in the illegal economy active in this country would pay its share of taxes.

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## CALDERA ATTENDS COPEI MEETING AT BONAIRE

Caracas EL NACIONAL in Spanish 27 Mar 82 p D-6

[Article by Elena Block]

[Text] There has been much speculation lately on the so-called Bonaire summit meeting or conclave. It has been learned through some of the people who attended that at this meeting it was decided that Rafael Caldera and "Calderism" would support the government of President Herrera.

Caldera confirmed this matter in his speech yesterday at the ceremony that the group "Consensus" or "Defense" celebrated in honor of the former president and leader of the Committee of Independent Political Electoral Organization (COPEI). Not only did he admit that it was a Calderist ceremony, but also that one of its purposes is that of thoroughly studying and analyzing the country's economic situation in order to offer the organization's cooperation to the administration of President Herrera.

It was an intense workshop, Caldera said, in which a group of Venezuelans who are worried about the country seriously and thoroughly analyzed Venezuela's problems in order to offer our cooperation to the present administration and to get a clear idea of what we should do from the first day on which we assume responsibility for the government. "It was, if we wish to use language I don't care for but sometimes have no option but to accept, a 'Calderist' meeting, because it was attended by people who want me to return to the government, not with empty hands, but with the thorough knowledge of reality necessary for the prosecution of good government."

At the meeting, organized by COPEI members who at the last national convention supported Pedro Pablo Aguilar and now support the leader and founder of COPEI, there were around 700 members of the Social Christian Party from all over the country.

Present at the presidium, besides Caldera himself, were Oswaldo Alvarez Paz, Jose Curiel, Luis Enrique Oberto, Leonardo Ferrer, Alejandro Rodriguez Cirimile and Jose Rafael Garcia, leader of the group "Consensus". Attending also were several of the general secretaries and presidents of COPEI's various divisions who have also joined in the idea of supporting the former president. They are Carlos Campos (COPEI's president in Anzoategui); Candelario Cazzut (general

secretary in Portuguesa); Luis Horacio Rivera (president in Portuguesa); Ismael Colmenares (general secretary in Apure); also Enrique Barrios (Anzoategui), Miguel Diaz (Lara) and others.

All of them gave speeches. Luis Horacio Rivera was the person in charge of reading the "Consensus" document.

#### Justification for the Increase in Gasoline Prices

Before starting his speech, Rafael Caldera was approached by newspapermen and asked about the economic situation. Another of the conclusions reached at the Bonaire meeting is the possibility that COPEI might propose to the government a gasoline tax or an increase in the price of this product.

"The gasoline problem is a complex one", Caldera said. "It has to be studied in its entirety. There are a number of just arguments that on the one hand demand an increase in the price of gasoline but on the other hand ask for special consideration for the populace. There are many sides to it. As an example, at this moment there are in operation around the world diesel automobiles that consume much less fuel and at lower cost. There are also automobiles that use liquified gas at the same price as gasoline. All of these things have to be studied; to say yes or no at this time would be simplistic. The problem is being considered in all its dimensions."

Then he said he had confidence that the government will find solutions to the problems. "We trust that this government will search for the most capable people wherever they may be, in any sector of the party, that it will look for the best capabilities, search for all those who can do a considerable job in solving Venezuela's problems."

Continuing about the Bonaire meeting, the former president explained that this type of study and analysis will be continued. And not only regarding the economic problem, but also in relation to education, land reform, personal safety, cost of living, and problems with higher education.

#### We Must Struggle To Keep Venezuela from Falling Again Into Disaster

The former president said that among the principal reasons for COPEI to achieve victory is so that "Venezuela will not again meet the disaster of an administration such as that of the last 5-year term". "Who knows if those here present", said Caldera in his speech to the "Consensus" group, "have had to forgo not a few conveniences? Your gesture has been a gesture of responsibility. I would say that this demonstration, which is what commits and moves me, could be interpreted in two words: conviction and confidence. The attitude you have taken is the one the people and the country demand, is what the interest of the party requires and is the obligation that confronts a political movement that has the duty to struggle for success, for victory, so that Venezuela will not again incur the disaster of an administration like that of the last 5-year term".

## The Coming Years Can Become Critical

He then added that his campaign will be austere. "I do not want a costly campaign; I want an austere campaign. I do not want a campaign full of illusions and words, but I do want a campaign based on faith, sincerity and on the analysis made by the people."

"It is a reality", he continued, "that for one reason or another and in spite of my efforts to pay attention to the Organic Act of Suffrage, the electoral campaign is opened. And if we have been holding back the momentum so as not to throw ourselves fully into an unrestrained campaign that could give the impression of a hunger for power, we have to respond to uneasiness, questions and problems posed by the people who at the bottom of their hearts feel anxiety that these years to come, especially the years comprising the next constitutional period, could become critical and that the decisions made and the rectifications carried out would perhaps make possible a definite resurrection of the democracy we love so much."

## A Meeting Without "Business"

Caldera talked of course about the meeting of the "Consensus" group. He said that the ceremony had been the result of a spontaneous movement, "no negotiations", that had arisen from each one of the participants without anyone being coerced. "To use a popular expression, they have done this because they felt like it", he exclaimed.

"This consensus of today is open, a group of friends doesn't meet to be intransigent and to say they are acting on their own. Here a group of friends meet to join this cause with the certainty that they are not going to feel wronged, nor will they be the object of injustices or of what is called subjugation, which has always been absent from my life and my struggle, because in the same way that I have always faced up to things whenever necessary, likewise, thank God, I have had sufficient humility and magnanimity to incorporate and unite. This is a moving and marvelous act by some people who believe that the candidate must be the standard bearer of the party and of the democratic principles, that the candidate should be Rafael Caldera", he concluded.

## A Poor Show

Cesar Perdomo Giron, an herreropablist who says that he has not jumped the fence, asserts that according to information he received yesterday afternoon, the Consensus meeting was a poor show.

"There was no new support for Caldera. Everyone there was a Calderist from away back, or one of the same people who have always supported the former president. Besides, there were five times as many people at Pepi de Valencia's meeting", concluded Perdomo.

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CSO: 3010/1342



## TRADE UNIONS' SUPPORT FOR CALDERA DISCUSSED

Caracas EL NACIONAL in Spanish 27 Mar 82 p D-6

[Text] Rafael Caldera will receive the support of 800 labor union leaders from the Committee of Independent Political Electoral Organization (COPEI) from all over the country during the Social Christian Party presidential convention. 80 percent of us COPEI workers favor the leader and founder of the party.

Rafael Leon Leon said these words when he installed the national leadership of labor union members who support the candidacy of COPEI's former president. "The command is made up of 100 labor leaders, among whom are Pedro Leon Trujillo, president of the General Labor Confederation (CGT), William Franco, president for life of the Committee of Autonomous Unions (CODESA), Luis Efrain Orta, vice president of CODESA, the directors that make up the executive committee of the Confederation of Venezuelan Workers (CTV), Tito Lopez Puente, who is also the national workers; union secretary in charge of COPEI, Jose' Agustin Ramirez, Johnny Diaz and others", added Leon Leon.

He then explained that among these union workers there were persons who in past campaigns supported Pedro Pablo Aguilar for general secretary of COPEI in addition to Aristides Beujon, Abdon Vivas Teran and Eduardo Fernandez.

It is well to point out that the national command of labor unions for Caldera represents a controlling majority of the Social Christian labor movement, which includes 98 percent of the regional labor union secretaries of COPRI in the whole country, who by reason of holding such important positions in each state, are automatically members of the regional committee. Also I want to report that one of our delegates met with former President Caldera to inform him of our decision. He seemed emotionally affected and committed to the working class.

Finally, Leon Leon talked of the purposes of the labor union campaign in favor of the leader and founder of COPEI, and of which is to work for a consensus regarding Caldera.

He also announced a meeting for 15 May, when the candidate of the COPEI union members will be proclaimed.

Following is a list of the objectives of the labor union command for Caldera:

1. Carry out an internal campaign in order to achieve unanimity to elect Rafael Caldera as the consensus candidate in the second Social Christian Party presidential convention.
2. Actively participate in all of the precampaign proceedings from now until the Social Christian Party presidential convention. For this the country will be divided into zones in order to make direct permanent contact with all the delegates to the Social Christian Party presidential convention and to accompany the top leader in all his tours and direct contacts with all sectors of the national life.
3. Develop a task force in the field of organized labor to add to the list of members, and later to the electoral campaign, all of the workers, making Rafael Caldera the national candidate needed by Venezuela and the valid alternative for the urban and rural laborers.
4. Prepare a ceremony that will be held on 15 May, the 90th anniversary of the Rerum Novarum encyclical, proclaiming Rafael Caldera the candidate of the working class.
5. Look for a way in which the workers from all over the country and from all labor sectors can participate in the elaboration of a government program that will be presented to the electorate after the candidate is elected at the presidential convention.

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CSO: 3010/1342

## BRIEFS

CALDERA DISCUSSES COUP IN GUATEMALA--Venezuelan former president and a leader of the Christian Democrats, Rafael Caldera, justified the military coup by a group of officers in Guatemala the day before yesterday in which General Romero Lucas Garcia was overthrown. Caldera was at the capital's Municipal Palace, where the Raul Santana National Museum was being reinaugurated and a new exhibition room for the display of pictures and historical relics relating to Caracas' history was opened. He was accompanied by the governor of the Federal District, Rodolfo Jose Cardenas, the president of the city council, Alvaro Paez Pumar, and other public figures. It was an inevitable consequence of electoral fraud and a series of painful incidents that were taking place in that brother country. He recalled that on the occasion of the speech given by President Luis Herrera on his third anniversary as first executive, he was questioned about the social and economic situation that Guatemala is experiencing and he said that his answer was that this situation is more serious than that in El Salvador because in Guatemala violence is more deeply rooted and because injustices and abuses are ingrained. As has been reported, the leader of the military coup is retired general Efraim Rios Montt, who in 1974 was a presidential candidate with the support of the Christian Democrats, and it is for this reason that Caldera affirms that "we should open the doors to the hope that the interruption occurring there will permit a sincere consultation of the electorate so that the people can decide freely and have their wishes respected". He also said that he hoped doors will be opened to dialogue so that violence will come to an end in this beloved and important country. One of the reporters asked him if this experience in Guatemala could be repeated in El Salvador and he said that the situation is very different, since for the Salvadoran elections to be held next Sunday the 28th, representatives from all countries and even from the most adverse political parties are being invited. In reference to the document sent to President Herrera by several guerrilla leaders of the Farabundo Marti Front from El Salvador, he said that this shows that negotiations in that country are not closed and that Venezuela and its president deserve their consideration and respect. [Text] [Caracas EL NACIONAL in Spanish 25 Mar 82 p D-2] 8907

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